Pakistan to buy Malaysian palm oil to compensate for India's withdrawal

REUTERS, *Kuala Lumpur*

Pakistan will buy more palm oil from Malaysia, Prime Minister Imran Khan said on Tuesday, to try and compensate after top buyer India put curbs on Malaysian imports last month amid a diplomatic row.

India imposed general restrictions on refined palm oil imports, and informally asked traders specifically to stop buying from Malaysia, the world's biggest producer of the edible oil. Sources said the move was in retaliation after Malaysia criticised India's new religion-based citizenship law and its policy on Kashmir.

Malaysian Prime Minister Mahathir Mohamad said on Tuesday that he discussed palm oil with Khan who was on a visit to Malaysia and that Pakistan had indicated it would import more from Malaysia.

"That's right, especially since we noticed India threatened Malaysia for supporting the Kashmir cause, threatened to cut palm oil imports," Khan told a joint news conference, referring to India's Muslim-majority region of Kashmir.

"Pakistan will do its best to compensate for that."

India is a Hindu-majority country while Malaysia and Pakistan are mainly Muslim. India and Pakistan have been mostly hostile to each other since the partition of British India in 1947, and have fought two of their three wars over competing territorial claims in Kashmir.

Pakistan PM Imran Khan

Pakistan may have bought around 135,000 tonnes of Malaysian palm oil last month, a record high, India-based dealers who track such shipments told Reuters on condition of anonymity.

The figure is close to estimates of 141,500 tonnes from Refinitiv, which says sales to India in January may have plunged 80 per cent from a year earlier to 40,400 tonnes.

Malaysia will release official export data on Monday.

Pakistan bought 1.1 million tonnes of palm oil from Malaysia last year, while India bought 4.4 million tonnes, according to the Malaysian Palm Oil Council.

India has repeatedly objected to Mahathir speaking out against its move last year to strip Kashmir's autonomy and make it easier for non-Muslims from neighbouring Muslim-majority Bangladesh, Pakistan and Afghanistan to gain citizenship.

At the news conference, Mahathir did not refer to Kashmir but Khan did.

"The way you, PM, have stood with us and spoken about this injustice going on, on behalf of Pakistan I really want to thank you," Khan said.

He also said he was sad he could not attend a summit of Muslim leaders in Malaysia in December. Saudi Arabia did not attend the summit, saying it was the wrong forum to discuss matters affecting the world's Muslims and Khan belatedly pulled out from attending.

Some Pakistani officials, unnamed because they were not authorised to speak to the media, said at the time that Khan pulled out under pressure from Saudi Arabia, a close ally of Pakistan, though local media reported his officials denied that was the reason for his absence.

"Unfortunately our friends, who are very close to Pakistan as well, felt that somehow the conference was going to divide the ummah," Khan said, using the Arabic word for the Muslim community but not mentioning Saudi Arabia by name.

"It is clearly a misconception, as that was not the purpose of the conference."

EBL

Ziaul Karim, head of communications and external affairs at Eastern Bank Ltd (EBL), receives an 'International Finance Awards' on behalf of the bank at a hotel in Bangkok recently. The bank bagged the award in the most innovative retail bank in Bangladesh category.

Eight to contest for Startup World Cup

STAR BUSINESS DESK

Eight local startups have recently been selected for the grand finale of the Bangladesh edition of Startup World Cup 2020.

Startup World Cup is a global conference and competition that brings together the top startups, entrepreneurs and tech CEOs.

The selected startups are Alter Youth, Cookups, Gaze, Parking Koi, Poshapets, Sigmind.ai, Torun Digital, Truck Lagbe.

The daylong grand finale will be held at Radisson Blu Dhaka Water Garden on February 8 when the selected startups will compete in front of international judges, according to a statement.

The Bangladesh edition of the competition is being organised by the foreign affairs ministry, ICT Division, the Venture Capital and Private Equity Association of Bangladesh, International Finance Corporation and powered by eGeneration to mark the Mujib Borsho.

The champion team of Bangladesh will compete in the Startup World Cup 2020 scheduled to be held at Silicon Valley in California, US on May 22.

EBL gets new DMD

STAR BUSINESS DESK

Mahmoodun Nabi Chowdhury has recently been appointed as the deputy managing director and chief risk officer of Eastern Bank Ltd (EBL).

Prior to the appointment, he was the deputy managing director and head of corporate asset marketing of One Bank.

Chowdhury started his banking career at Standard Chartered Bank in 1997, according to a statement.

He completed his MBA from the Institute of Business Administration at the University of Dhaka.

NBR once again extends deadline

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The rule was introduced to ensure that the actual amount of VAT comes to the NBR without any evasion.

Businesses will not have to visit VAT office with lots of papers in hand, which will reduce the cost of compliance, the NBR official said.

The NBR also directed its field offices to furnish a list of firms with yearly sales of Tk 5 crore and above, the number of businesses that are already using the software and the number of applications under consideration.

Officials said the NBR has decided to strengthen monitoring to ensure more compliance with its directive.

The original deadline for using software was January last year, which was moved to December 31. The last deadline was February 2.

Angry workers spurn Ethiopia's 'industrial revolution'

AFP, *Hawassa*

Zemen Zerihun thought he'd left farming behind and found the ticket to a better life when he began a job cutting fabric for a clothing company at a massive industrial park in southern Ethiopia.

But the 22-year-old ended up quitting within months, weary of working eight hours a day, six days a week and still not making ends meet earning $35 a month.

Managers were so strict they would go into bathrooms and yank out workers deemed to be taking too long, he said. His supervisor would loudly berate him as "slow" and "lazy" when he failed to keep pace on the production line, he told AFP.

"After I joined the company, I suffered," he said. "The supervisors treat you like animals." Experiences like his highlight a major challenge facing Ethiopia's push to embrace industrialisation and become less dependant on agriculture.

By attracting foreign investors through cheap labour, it wants to follow the model of China and other Asian nations in creating a robust manufacturing sector that can offer badly needed jobs for its young workforce.

But despite high unemployment, young Ethiopians are not going along with it, preferring to quit rather than stay in jobs where they feel underpaid and disrespected.

Thousands of employees have already walked out of the country's new and burgeoning network of industrial parks.

At the Hawassa Industrial Park, where Zemen worked, staff turnover in 2017-18 "hovered around 100 percent," according to a May 2019 report from the Stern Center for Business and Human Rights at New York University.

The added recruitment and training costs are a main reason why, in the eyes of manufacturers, Ethiopian labour has "turned out to be considerably more costly than the government had initially advertised," the report said.

Government officials say they are taking steps to address workers' concerns while balancing them with industry representatives' interests.

But labour organisers argue the measures are too little, too late, leaving them no choice but to begin unionising the parks -- a development Zemen says is long overdue.

Hyundai suspends domestic production over China outbreak

AFP, *Seoul*

South Korea's largest automaker Hyundai Motor will suspend all domestic production this week because of a lack of parts due to the coronavirus outbreak in China, it said Tuesday.

The global car industry operates on tight supply lines and was thrown into turmoil when Japan's Fukushima earthquake and tsunami in 2011 knocked out a Renesas Electronics factory producing a vital and widely used computer chip.

The outbreak of the coronavirus had disrupted the supply of parts for Hyundai, the company said. "Hyundai Motor has decided to suspend its production lines from operating at all of its plants in Korea," the carmaker said in a statement.

The order of suspensions would vary, it said, but all production would cease by the end of the week. Hyundai operates 13 plants worldwide, including seven in South Korea, and last year sold a total of 4.4 million vehicles.

Its South Korean production amounted to around 1.8 million vehicles, or approximately 35,000 a week.

The virus outbreak had disrupted the procurement of auto parts called wiring harnesses, which are mostly produced at Hyundai's assembly lines in China.

"The company is reviewing various measures to minimise the disruption of its operations, including seeking alternative suppliers in other regions," Hyundai said.

If it was successful, production could resume next week, Yonhap news agency cited a company official as saying.

The deadly virus that first appeared in the central Chinese city of Wuhan -- a centre for the auto industry in the world's second-largest economy -- has resulted in 425 deaths and spread to more than 20 other countries.

It has prompted widespread business shutdowns in China and airlines around the world have cancelled flights, raising concerns about the hit to the world's number two economy and beyond.

Tuesday's move came after Hyundai cancelled overtime factory hours at the weekend to produce its flagship Palisade sport utility vehicle.

Markets have struggled in recent days as the World Health Organization declared a global health emergency over the virus, with analysts concerned about its impact on world economic growth.

BANK ASIA

Md Arfan Ali, president and managing director of Bank Asia, and Srabanti Datta, a director of ABC Real Estates, exchange documents after signing a deal at Bank Asia Tower in Dhaka recently. The customers of the real estate company will get low-interest home loans and privileged services at the bank.

Exports remain sluggish

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Leather, leather goods and footwear exporters identified the poor standards of the central effluent treatment plant (CETP) in Savar leather estate as one of the major bottlenecks.

Md Nazmul Hassan, managing director of Leatherex Footwear Industries Ltd, said multiple factors affected exports: Imposition of 10 percent advance income tax on cash incentive is one of those.

"Besides, the demand for synthetic products is rising globally while the demand for leather goods is falling," he said.

Between July and January, export earnings from leather and leather goods fell 10.78 percent year-on-year to $559 million.

Saiful Islam, president of Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh, said global fashion trend is changing affecting demand for leather goods.

"It is a big success of the government that it ensured shifting of tanneries to the leather industrial estate. Nevertheless, the CETP is not effectively functional yet," he said.

Shipment of frozen and live fish, including shrimp, also declined.

The only silver lining was the increasing shipment of jute and jute goods, agricultural products and vegetables.

Hassan feared that the leather industry might suffer if the attack of deadly coronavirus intensifies.

"We are very much dependent on China for our raw materials. There will be a serious impact unless the situation improves fast. Supply disruption of products will also fuel inflation," he said.

Islam, however, said the deadly virus might shift some orders to Bangladesh, as consumers are likely to feel shaky in buying products made in China.

"So, by the end of this fiscal year, exports are likely to recover," he said.

Bharti Airtel posts another loss as it faces massive government dues

REUTERS

Bharti Airtel Ltd reported its third straight quarterly loss on Tuesday, as India's third-largest telecom firm booked 10.50 billion rupees ($147 million) in charges related to spectrum fee payments and write-downs of network equipment.

The company reported a loss of 10.35 billion rupees ($145 million) for the three months ended Dec. 31, compared with a profit of 862 million rupees a year earlier.

Analysts on average had expected the company to report a net loss of 5.52 billion rupees, according to Refinitiv data.

The results come as Airtel and other telecom firms face demands from India's government to pay a combined $13 billion in overdue levies. That had prompted the company to warn in November about its ability to continue as a going concern.

Airtel confirmed on Tuesday that those concerns no longer existed.

Airtel, Vodafone Idea Ltd and billionaire Mukesh Ambani's Jio raised tariffs in December to counter the burden from the government's demands. As a new entrant, Jio is the least exposed to the dues. The company's average revenue per user at its India mobile services unit jumped nearly 30 per cent to 135 rupees in the December quarter.

BTCL on project spree

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Its revenue slumped 22.23 per cent to Tk 886.81 crore last fiscal year. In fiscal 2008-09, when it was declared a company from a state organisation, its revenue was Tk 1,689.36 crore and net profit was Tk 106.15 crore. Ten years later, it incurred a loss of Tk 389.39 crore.

The company is at a disadvantage for its ageing assets: in fiscal 2018-19 it had to write off Tk 560.73 crore for depreciation, according to its annual report.

Of BTCL's total revenue last fiscal year, 58.15 per cent came from depreciation of its assets and establishments: Tk 560.73 crore.

"Our vast assets have become our liability," Matin had said earlier. The depreciation was Tk 591.61 crore in fiscal 2017-18, Tk 485.83 crore in 2016-17, and Tk 514.51 crore in 2015-16.

"Our cash flow is quite satisfactory but when the depreciation issue comes up, we become a loss-making company," Matin said. Since fiscal 2015-16, BTCL suffered losses of about Tk 1,200 crore.

"The world is moving very fast and if the state-owned companies do not keep pace with that, they will be obsolete," he said, adding that they were trying to modernise services.

UNION BANK

Omar Farooque, managing director of Union Bank, attends the bank's annual risk management conference at the Sayeman Beach Resort in Cox's Bazar recently.

Australia keeps interest rates on hold

AFP, *Sydney*

Australia's central bank on Tuesday kept interest rates on hold at a record low, despite expected economic pain from the country's devastating bushfire crisis and the deadly outbreak of coronavirus in China.

The Reserve Bank of Australia (RBA) has kept the cost of borrowing unchanged since lowering rates to 0.75 percent in October as part of efforts to extend a record 29-year run without a recession.

On Tuesday, the bank shrugged off concerns over the economic impact of the months-long bushfire disaster, with RBA governor Philip Lowe saying the blazes would "temporarily weigh on domestic growth" in the short term.

In a statement announcing rates would be kept on hold, Lowe pointed to slightly improved jobs figures -- with the unemployment rate declining to 5.1 percent in December -- and an uptick in previously flagging housing markets as factors in the decision.