

AKM Delwer Hussain elected as vice president of SAFA

STAR BUSINESS DESK

AKM Delwer Hussain FCMA has been elected as the vice president of South Asian Federation of Accountants (SAFA).

The election took place in the 63rd board meeting of SAFA yesterday, the federation said in a statement yesterday.

He will be the president of the federation for 2021, according to the statement.

The SAFA is a forum of professional accounting bodies in the South Asian Association of Regional Cooperation (SAARC) region of eight nations.

It works in the public interest and towards broad economic development of the region in part through promoting harmonisation of accounting standards and practices.

The strategy of the organisation founded in 1984 is not to create new standards, but rather to promote harmonisation by building common knowledge and adoption of international accounting standards.

Hussain did his graduation with honours and masters in management from the University of Dhaka.

The veteran professional cost and management accountant was the president of the Institute of Cost and Management Accountants of Bangladesh for 2004 and 2013.

He is also a former chairman of Bangladesh Sugar and Food Industries Corporation and a director of Rupali Bank.

He was also a member of the National Wages and Productivity Commission of Bangladesh in 2010.

At present, he is a member of finance committee of BUET, WASO Credit Rating Company BD Ltd. and secretary general of Consultative Committee of State Owned Enterprises.



AKM Delwer Hussain

US businesses in China face uncertainty as White House bans WeChat

REUTERS, Hong Kong

As Tencent assesses how its business might be impacted by a US decision to ban its messenger app WeChat in the country, American companies in China may become unintended casualties due to their heavy reliance on the app, experts said.

US President Donald Trump on Thursday unveiled sweeping bans on US transactions with owners of WeChat and video-sharing app TikTok, which his administration has called "significant threats".

It's not clear to what extent the executive orders, which go into effect in 45 days, would impact WeChat's business and whether Tencent's large fleet of investments in the US and other parts of the world would come as collateral. But if the ban covers US companies doing businesses on WeChat, it would do more harm to US firms such as Walmart and Starbucks than to Tencent, said Chengdong Li, a Beijing-based tech analyst.

WeChat is an all-in-one mobile app that combines services similar to Facebook, WhatsApp, Instagram and Venmo. The so-called super app is almost essential for daily life in China and boasts more than 1 billion users.

American brands, big and small, from Nike to KFC, Starbucks and Amazon use WeChat's embedded 'mini-app' programmes to facilitate transactions and engage consumers in China.

Users of the mini-app programmes do not need to download such retail apps separately as they can access those apps stored in WeChat's cloud.



"The revenue Tencent got from these mini-apps for Walmart and Starbucks is minuscule in comparison to Tencent's video games revenue domestically," Li said.

"The ban would hurt Walmart and Starbucks more significantly as they rely on Tencent to get traffic." While Walmart's "Scan-and-Go" payment service is offered via its own app in the United States, the retail giant embedded the service into WeChat in China.

Walmart said last year the service, which enables customers to pay with their smartphones by scanning the bar code on items and skip queuing up at the cash register, made more than 30 per cent of its transaction in China.

It aligned itself with Tencent so much that in 2018 it dropped Alibaba-linked Alipay in all its stores in the western region of China.

While it's unclear whether and how much US companies will be impacted, Raymond Wang, managing partner at Beijing law firm Anli Partners, said American businesses on WeChat might be able to survive the ban "as long as their entities linked to WeChat are registered outside US". If the ban only covers WeChat businesses in the United States, it would inflict limited impact on both Tencent and US companies relying on the app in China, as it is not heavily used by non-Chinese individuals in the United States.

"While we are not in a position to judge the future evolution of this issue, we believe the current EO (executive order) seems to be targeting only WeChat, and if we are correct, the impact to Tencent's financials would be limited," Citi analysts wrote in a note Friday.

Unemployment in Canada continues fall to 10.9pc in July

AFP, Ottawa

The coronavirus-hit Canadian economy created 419,000 jobs in July, a higher-than-predicted increase of 2.4 percent, while unemployment continued to fall to 10.9 percent, the national statistics institute said Friday.

The unemployment rate drop of 1.4 percentage points marked the second month in a row that it has fallen, after reaching an all-time high in May of 13.7 percent.

It stood at 5.6 percent in February, before lockdown restrictions implemented in an attempt to contain COVID-19 hit the economy.

"Despite this decrease, almost 2.2 million Canadians were unemployed in July, nearly twice as many (+92.6%) as in February (1.1 million)," Statistics Canada said in a statement, tempering the positive news.

Job creation in July was mainly driven by part-time work -- more than 345,000 jobs, compared with over 73,000 full-time jobs.

More work was created in the service sector than in the goods sector.

Employment also rose faster among women -- by 3.4 percent, or 275,000 jobs -- than men, although with women disproportionately losing their jobs in March it meant that employment in July was still closer to its pre-shutdown level for men than for women.

The figures are higher than analysts' forecasts, which averaged 390,000 new jobs after the Canadian economy created nearly one million jobs in June.

"The pace of increase in employment slowed in July relative to the prior month, and that's likely to become a trend as the pace of easing in restrictions also slows down and the number of Canadians on temporary layoff falls," noted Royce Mendes, analyst at CIBC.

The number of Canadians working at home also continued to decline by about 400,000, the same as the previous month.

Quebec, which on Friday accounted for more than half of the 118,500 cases of coronavirus in Canada, recorded a 1.2 point drop in its unemployment rate to 9.5 percent.

Malaysia's former finance minister charged with corruption

REUTERS, Kuala Lumpur

Malaysia on Friday charged former finance minister and senior opposition leader Lim Guan Eng with corruption for seeking a bribe on a \$1.5 billion infrastructure project.

Lim said the charge was "politically motivated".

The charge against Lim, who was minister in the Mahathir Mohamad-led coalition that collapsed in February, comes amid speculation that elections could be imminent due to Prime Minister Muhyiddin Yassin's slim majority in parliament.

Lim was charged at a Kuala Lumpur sessions court for seeking a bribe in 2011 to appoint a company to manage an undersea tunnel project in Penang state, which he led as chief minister from 2008 until his appointment as finance minister in 2018.

Lim, who was arrested on Thursday night, pleaded not guilty to the charge.

If found guilty, Lim faces a jail term of up to 20 years and heavy fines. Anti-graft officials have said Lim will face two more charges next week.

"This is a baseless allegation and is politically motivated," Lim told reporters after being released on bail, adding that he will prove his innocence in court.

Other opposition leaders also called the charge political persecution. Charles Santiago, an opposition lawmaker, said the charges were a "dirty ploy" to destroy the opposition bloc.

The prime minister's office did not respond to a request for comment.

Lim leads an ethnic Chinese-dominated party, which had drawn some backlash in the Mahathir coalition - including from prime minister Muhyiddin and his allies - due to concerns that the alliance was not doing enough to protect interests of the country's majority Malays.

Lim's appointment as finance minister in 2018 was the first time in 44 years that the ministry was headed by a member of the ethnic Chinese community and was met with some resistance.

Muhyiddin was in Mahathir's coalition before he switched alliances to form a government with parties that were voted out in the 2018 election.

Canada to impose retaliatory tariffs on US goods

REUTERS, Ottawa

Canada will slap retaliatory tariffs on C\$3.6 billion (\$2.7 billion) worth of U.S. aluminum products after the United States said it would impose punitive measures on Canadian aluminum imports, a senior official said on Friday.

Deputy Prime Minister Chrystia Freeland told a news conference the countermeasures would be put in place by Sept. 16 to allow consultations with industry.

The move marks the latest ruction in a choppy relationship between the neighbors and close allies since President Donald Trump took office in 2017.

Trump moved on Thursday to reimpose 10% tariffs on some Canadian aluminum products on Aug 16 to protect U.S. industry from a "surge" in imports. Canada denies any impropriety.

"At a time when we are fighting a global pandemic... a trade dispute is the last thing anyone needs - it will only hurt the economic recovery on both sides of the border. However, this is what the U.S. administration has chosen



Canada's Deputy Prime Minister Chrystia Freeland

to do," said Freeland.

"We do not escalate and we do not back down," she said later, variously describing the U.S. decision as "entirely unacceptable," absurd and ludicrous.

The Canadian list of goods that might be subject to tariffs includes aluminum bars, plates, refrigerators, bicycles, washing machines and golf clubs. Trump is a keen golfer.

"I think the very best outcome would be for

the United States to reconsider," said Freeland, adding that she was confident common sense would prevail.

The list of goods subject to tariffs is narrower than the last time Ottawa struck back at Trump because the two sides agreed in 2019 to limit the scope of retaliation in disputes over steel and aluminum, said a Canadian government source who requested anonymity.

In 2018, Ottawa slapped tariffs on C\$16.6 billion (\$12.5 billion) worth of goods ranging from bourbon to ketchup after Washington imposed sanctions on Canadian aluminum and steel.

Ottawa may be calculating its measures will be short-lived. A source briefed by Prime Minister Justin Trudeau's office said Canadian officials are increasingly sure Trump will lose the Nov. 3 presidential election.

Trump acted just weeks after a new continental trade pact between the United States, Canada and Mexico took effect. The North American economy is highly integrated and Canada sends 75% of all its goods exports to the United States.

Banglalink knocked down further by pandemic

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Like in the previous years, the carrier did not disclose its profit status in the report. Banglalink declined The Daily Star's request for comments on the financial numbers provided in the report.

Banglalink saw a decline in voice calls and active customers during the quarter as the general shutdown ate up people's disposable income.

However, its data revenue posted a huge growth as Banglalink's investments in building up its 4G capacity and focus on selected digital services came in handy, as per the report. The carrier logged in Tk 293.65 crore as data revenue for the quarter.

"Given lockdown restrictions on customer movement until the end of May and continued health safety concerns, Banglalink actively promoted the use of digital channels to facilitate top-ups, account management and the adoption of additional services," reads the report.

Because of the lockdown the carrier also reduced its capital investment and operational expenditure.

Its average earning per user in every month declined to Tk 110 during the quarter from Tk 113 the previous quarter.

BSEC has a grand plan to crack down on junk stocks

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The Dhaka bourse in 2018 had cracked down on some junk stocks and delisted Rahima Food Corporation and Modern Dyeing from the DSE board.

But the step drew criticism as it did not help stock investors recoup their losses or could not ensure punishment for the directors who were responsible for the precarious financial situation of the companies.

In the same year, the DSE identified 14 companies that had not paid a dividend for the previous five years for their performance review and see if they have any potential to return to the black.

The bourse found many companies had no such potential but it had not taken any steps against them as it can only delist companies as a punitive action, said a top

official of the DSE, preferring anonymity. "But delisting is not the solution. It only aggravates the woes of the stock investors because their whole investment goes down the drain due to the delisting."

The then authorities of the BSEC also asked the DSE not to delist the companies but send their findings to the regulator. "We had sent our findings to the BSEC but did not see any actions."

The new commission will take some fresh measures, which may bring some good results for the market, the DSE official added.

"A company can incur losses for a while. This is normal. But some companies are fleeing by taking investors' money intentionally. We will punish them," Islam added.

Local tours bring some relief to S.Africa safari industry

AFP, Hammanskraal South

Tourists gasp as two lionesses elegantly pad across the track, barely glancing at the jeepload of city dwellers escaping lockdown at a game reserve in Gauteng, South Africa's coronavirus epicentre. Visitors have flocked from the capital Pretoria and financial hub Johannesburg since the government allowed South Africans to travel for leisure within their provinces last week.

The announcement brought a small sliver of relief to the country's tourist industry, which has missed out on more than \$3.9

billion in revenue since South Africa went into lockdown on March 27.

As the only park in Gauteng offering sightings of the popular "Big Five" -- buffalo, elephant, leopard, lion and rhino -- Dinokeng Game Reserve has attracted nature lovers who would normally drive to remote larger parks elsewhere in the country. "It's actually amazing, we have had a lot of support from locals," said Gavin Sterley, manager of the four-star Mongena Game Lodge in Dinokeng, which reopened a week ago. "They are all booking and coming for game drives, dinner and that type of stuff.

Businesses are becoming more optimistic of a turnaround sooner than later

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"The management of the pandemic should be done in one place. It should be done centrally," he added.

Mixed messages and signals regarding the pandemic have created a negative effect among businesses, said Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry (MCCI).

"The announcement of stimulus packages gave comfort to businesses. But we did not see that comfort when it comes to implementation," she said.

Various countries tied up stimulus packages with employment protection to give livelihood support, said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

"This could be done here too," he said.

Mashiur Rahman, economic affairs adviser to the prime minister, and Kazi Faisal Seraj, country representative of The Asia Foundation also spoke.

Govt has come up with a solution to the hurdle to higher leather exports

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The leather and leather goods industries generate fully value-added products and the majority of the raw materials are supplied by local people, he said.

"We are working to achieve the target of exporting \$5 billion worth of leather and leather goods by 2024," Uddin said.

Last month, the government took a project titled Export Competitiveness for Creating Jobs with the view to producing skilled manpower, he said.

The local manufacturers will also be able to hire skilled people to be trained through this project, he said, adding that the project will help diversify markets and products.

"I believe that the export target of \$5 billion is achievable as the major markets like the EU and the US would be opened up once we obtain the LWG certification," Uddin said.

Currently, the local leather and leather goods exporters are given 15 per cent cash incentive on their export receipts.

Since, Bangladesh is a major producer of rawhide, the manufacturers and exporters of leather and leather goods will be able to get the raw materials easily,

which will help in reducing the lead time, he said. "This is a big advantage for Bangladesh."

Many internationally reputed brands do not show interest in sourcing leather and leather goods from Bangladesh only because of the absence of the LWG certification, said Saiful Islam, president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh.

"So, obtaining LWG certification is very important for the country. It will help create more demand for locally made leather and leather goods, which, in turn, will increase the demand for rawhides in the country."

The demand for leather and leather goods is low now compared with the pre-pandemic times as people consider these goods as luxury items, Islam said.

If Bangladesh obtains the LWG certification and the government formulates proper policies, the sector can reach the \$5 billion export target in the stipulated time.

Currently, three local leather and leather goods manufacturing companies have the LWG certification and they are doing good business with their international trading partners.

More companies need to obtain the certification, Islam added.

Monitoring would be very difficult if the government allows the construction of the ETPs by individual companies as there are 155 tanneries inside the STIE, said Md Shaheen Ahmed, president of the Bangladesh Tanners Association.

So far, two companies applied to BSCIC for obtaining permission to construct the individual ETPs, he said.

About 155 tanneries have invested Tk 7,000 crore inside the estate, employing nearly 50,000 people.

Across the country, the leather, leather goods and leather footwear industries have invested \$1 billion in upwards of 1,200 factories, where more than one lakh people work.

Of the total industrial units, 200 are engaged in export.

The leather, leather goods and leather footwear is the only sector after apparel that has been fetching over \$1 billion from export every year since fiscal 2011-12 save for last fiscal year.

In fiscal 2019-20, export earnings from leather and leather goods fell 21.79 per cent year-on-year to \$797.6 million, according to data from the Export Promotion Bureau.