



**SOUTHEAST BANK**  
Southeast Bank has shifted its Pragati Sarani branch to its own premises at Pearl Trade Centre in Badda, Dhaka. M Kamal Hossain, managing director of the bank, opened the branch yesterday.

## Brazil's biggest lenders let clients delay \$44b in payments

REUTERS, Sao Paulo

Brazil's top four listed lenders are giving months-long extensions for consumers and companies to repay 235 billion reais (\$43.98 billion) in outstanding loans, a move to give financially squeezed borrowers breathing room.

The loans subject to forbearance programs, which range from 13 per cent of Banco Santander Brasil SA's portfolio to 10 per cent of Itau Unibanco Holding SA's, are an indicator of potential defaults. It was unclear how many borrowers, squeezed during the coronavirus crisis, will be able to pay their debts once the grace periods end.

The extensions, granted between March and June, vary from 60 to 180 days, depending on the bank. That echoes the situation at their U.S. cohorts, some of which acknowledge more loans may go bad as forbearance plans expire.

Banco do Brasil SA has offered extensions on 11.6 per cent of its portfolio, while Banco Bradesco SA has done so on 12.75 per cent.

Executives have declined to make firm predictions for future losses. They have said defaults may be smaller than initially feared, pointing to preliminary signs the Brazilian economy could recover.

Still, bank CEOs speaking in conference calls over the past two weeks were unanimous in predicting that 90-day default ratios would spike by year-end or the

beginning of 2021, when the forbearance periods end. The ratio stands at around 3 per cent for the country's biggest lenders.

They were divided over how bad things could get, with

Itau's CEO Candido Bracher expecting default ratios to reach all-time highs, while Bradesco's CEO Octavio de Lazari said in an interview it is likely to be around 3.7 per cent.

"Loan delinquency rates are likely to be worse than in previous crises, but recovery should also be faster," said Goldman Sachs' equity analyst Tito Labarta.

Brazil's declining benchmark interest rates, cut again on Wednesday to a record low of 2 per cent, could make debt burdens more manageable than in the past, Lazari added. In 2016, amid Brazil's most recent recession, interest rates were at 14.25 per cent.

Brazil's four biggest lenders have already set aside 18.9 billion reais in extra COVID 19-related loan provisions in the last two quarters, depressing profits.

"In Latin America, Brazilian banks should have the best performance amid the coronavirus crisis, as they have already increased provisions a lot," said Labarta.

A new bill approved by Brazil's Senate on Thursday evening capping interest rates on credit card debt and overdraft lines at 30 per cent per year is likely to add more pressure on banks, if the country's lower house also approved it.

## UK says progress made on Brexit; EU trade deal can be done

REUTERS, London

Britain's top minister overseeing Brexit talks said on Friday that progress had been made with the European Union so he believed the two sides would clinch a free trade agreement.

The United Kingdom left the EU on Jan. 31 but the main terms of its membership remain in place during a transition period until the end of this year, during which time both sides hope to negotiate a new free trade deal.

"All the evidence is that we are making progress with the European Union," Michael Gove told reporters in Northern Ireland. "I believe that there will be a successful negotiated outcome." While Britain has always said it believed a deal was possible, the tone of the comments from Gove - one of the most senior Brexit supporters in Prime Minister Boris Johnson's government - was

distinctly more positive than in recent months.

In late May, for example, Gove was demanding that the EU break

the impasse in talks.

Failure to reach a deal would convulse global trade just as the world aims to exit the coronavirus

lockdown.

The European Union is willing to compromise by softening its demand that Britain heed EU rules on state aid in the future, diplomatic sources told Reuters earlier this month.

They said Brussels could go for a compromise entailing a dispute-settling mechanism on any state aid granted by the UK to its companies in the future, rather than obliging London to follow the bloc's own rules from the outset.

"The relationship that we have with the European Union is constructive, pragmatic and impressive," Gove said, adding that he thought a deal could be done though there was more work to do.

Britain and the EU have planned more trade negotiations all the way until Oct. 2, less than a fortnight before a summit where the bloc hopes to endorse any agreement with London.



Britain's cabinet office minister Michael Gove



REUTERS/FILE

A woman wearing a protective face mask walks in front of Banco do Brasil (Bank of Brazil) cultural building during the coronavirus disease outbreak, in Sao Paulo, Brazil.

## Twitter, TikTok discuss potential combination: WSJ

AFP, New York

Twitter is in preliminary discussions for a possible combination with TikTok, the Wall Street Journal reported Saturday, after US President Donald Trump said he would ban the app, calling it a threat to national security.

Trump declared Thursday that the popular Chinese video app TikTok and social network WeChat "threaten the national security, foreign policy, and economy of the United States."

"In an executive order, Trump gave Americans 45 days to stop doing business with the platforms, effectively setting a deadline for a sale of TikTok by its Chinese parent firm ByteDance.

He has also demanded that a significant portion of the sale go to the US Treasury. Microsoft has been the primary suitor for TikTok, saying it was in talks to buy the

company's US, Canada, Australia and New Zealand operations.

The Financial Times reported Thursday that Microsoft has expanded negotiations and was now after the app's entire global operations.

As a smaller company, Twitter would have a long-shot bid for TikTok, but the social media platform believes it would come under less antitrust scrutiny than larger corporations such as Microsoft, the WSJ said, citing people familiar with the talks.

Twitter, however, would likely need the support of other investors to complete the combination.

While Twitter does allow for the sharing of videos, most posts contain short text messages and photos or GIFs.

In 2012 Twitter acquired the platform Vine, which allowed users to share short videos, but shut down the service in 2016.

## Dairy farmers' latest blow after pandemic: floods

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The company's storages were also overwhelmed by 1 lakh tonnes of UHT (ultra-high temperature) milk and 150 tonnes powdered milk, according to Rahman.

Milk production by Akij Dairy, which sells under the Farm Fresh brand, halved to about 28,000 litres per day.

"The floods inundated the houses and farmhouses of dairy farmers. Almost all the grass fields, one of the sources of cow feed, are now underwater," said Md Mosleh Uddin, chief executive officer of Akij Dairy.

In April and May, the sales of milk of Farm Fresh brand, which collects the liquid food through its 35 chilling centres from farmers mainly in Pabna, Sirajganj, Jashore, Khulna and Chapainawabganj, crashed 40 to 45 per cent.

"This has been a bad year for the dairy industry in Bangladesh so far. Unless all educational

institutions, hotels and restaurants reopen and everything returns to normal, the downturn will continue," Mosleh Uddin said.

Before the floods, Pran Dairy used to collect 2 lakh litres of milk every day from its 12,000 registered farmers. Now, the procurement has dropped to 150,000 litres.

Most flood-hit areas for the brand are Shahjadpur and Baghabari of Sirajganj, where collection and chilling centres have almost gone out of operation.

"Despite all the difficulties created by the floods, our staff are going to remote areas on rented boats or three-wheelers to collect milk so that farmers' sufferings ease," said Kamruzzaman Kamal, marketing director at Pran-RFL Group.

Milk collection by state-run Bangladesh Milk Producers Co-operative Union, popularly known as Milk Vita, has also decreased to about 1.10 lakh litres per day.

The company now sells about 90,000 litres daily. Before the natural disaster, it used to collect more than 1.5 lakh litres from 1.2 lakh farmers.

"Even after the shutdown, our milk collection was pretty good. But now the floods have brought down the collection significantly," said Omor Chan Bonik, managing director of Milk Vita, which increased the price of milk by Tk 2 per litre to help farmers during the pandemic.

Milk production hasn't decreased much, said Mohammad Imran Hossain, president of the Bangladesh Dairy Farmers' Association.

He went on to urge the milk processors to buy more milk from farmers.

Kamal of Pran-RFL urged the government to expand its support for the sector by increasing the number of veterinarians and other facilities. "There is a high chance of attaining self-sufficiency in dairy production," he added.

## Pandemic derailed development works. Planning minister is buckling down to get it back on track

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Large projects that involve experts, engineers and workers from Japan and Italy have been affected by the pandemic as the two countries barred their citizens from going abroad.

"Coronavirus is a global crisis. This is not in our hands. But we will persuade the countries so that their citizens can rejoin the projects as quickly as possible," Mannan said.

The planning minister also touched upon procurement and over-pricing issues. "The government has taken steps and things are improving. But things won't change overnight because replacing a system in the bureaucracy is difficult."

The government would ask secretaries to design a project and assess its viability

appropriately, he said.

In the last fiscal year, the Bridges Division was the top performer as it implemented 99.60 per cent of the ADP allocation, followed by the industries ministry at 99.2 per cent and defence ministry at 98.4 per cent.

The civil aviation and tourism ministry, the disaster management and relief ministry, and the agriculture ministry rounded off the top five spots. They managed to put to use 93 to 95 per cent of their budgets.

The worst-performers are the Internal Resources Division, which spent just 15.03 per cent of its allocation, the Statistics and Information Management Division (39.46 per cent), the Bangladesh Public Services Commission (45.64 per cent), the IMED (47.54 per cent) and the Anti-Corruption Commission (47.86 per cent).

## Pragati Insurance's financial reports fall foul of watchdog rules

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The auditor, however, should have mentioned that the report did not depict the true picture of the company.

In the report, the auditor stated that they could not verify some of Pragati Insurance's assets' recognised values, which were material in amounts.

"Then how could the auditor justify its opinion about the fairness of the financial statements?" Ahmed questioned.

The FRC has now decided to review the audit file of the auditor to verify its justification behind its opinion and the procedure it followed.

Md Rezaul Karim, chief executive officer of Pragati Insurance, admitted that there

were some findings from the auditor that should have been addressed earlier.

"We have no bad intention. We have already decided to set aside the due part of our profits in the workers' profit participation and welfare fund as per rules."

He went on to blame the bedding in period for the company's chief financial officer for the discrepancy.

"Our CFO was newly appointed then, so it was quite tough to accommodate all the documents to the external auditor," Karim added. Shares of Pragati Insurance, which was listed with the Dhaka Stock Exchange in 1996, closed at Tk 51.50 yesterday, down 2.7 per cent from the previous trading session.

## Bangladesh leans to China for Teesta management amidst Indian neglect

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The letter, signed by Khairun Nahar, the ministry's senior assistant chief, and sent on 23 July, also stated of plans to construct and commission a photovoltaic power plant under the project.

The development plans have been held back for a decade for a lack of funds.

Cooperation has been sought from development partners such as the World Bank and the Japan International Cooperation Agency but there has been no positive reply yet, said sources in the ministry.

However, some Chinese companies have already expressed their interest in implementing the project, they added.

In September 2016 a letter of intent had been signed between the Bangladesh Water Development Board and the Chinese state-owned Power Construction of China (Power China) under which the latter completed a feasibility study and prepared a master plan to implement the project.

However, a 2017 BBC report seemingly warned of "debt-trap diplomacy".

It reported a large group of researchers outside

China having compiled a major database detailing virtually all of China's aid to recipient countries.

Citing more than 5,000 projects found across 140 countries, it revealed that China and the US rivalled each other in terms of how much they offer to other countries.

At least a quarter of the money given out under the traditional definition of aid by Western industrialised nations represents a direct grant, not a loan that needs to be repaid.

That aid is given with the main goal of developing the economic development and welfare of recipient countries.

In contrast, only 21 per cent of the money that China gives to other countries can be considered as traditional aid. The "lion's share" of that money is given in commercial loans that have to be repaid to Beijing with interest.

The team's other major finding: when China gives out traditional aid, the recipient countries reap impressive economic rewards.

For a long period, there were suspicions that Chinese aid projects were only set up to benefit China; infrastructure projects built by imported Chinese workers, for instance, that

did little to improve the lives of people on the ground.

However, this research showed that China is just as capable of managing development aid projects as Western donors.

The researchers showed that both Beijing and Washington tend to offer money to countries which support them at the United Nations.

But for China, economics plays a key role: Beijing is often focused on promoting Chinese exports or market-rate loans where China wants to get the loan repaid with interest.

Moreover, though these Chinese loans are attractive for fewer strings being attached, in the case of Bangladesh there have been conditions for appointing Chinese contractors.

Several Chinese companies were interested in implementing this project but the Chinese government was yet to give a green signal, said Md Shahriar Kader Siddiky, joint secretary (Asia wing) to the ERD.

The ministry needs to fill up a Chinese application form seeking the loan, he said.

"We will send the documents to the Chinese embassy for including the project under applications seeking Chinese funds."

## Come November, there will be more than 55 lakh tonnes of surplus rice

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Razzaque said an adequate stock of food grains should be maintained to keep the market stable and ensure food security during the times of pandemic.

"We will need to distribute more rice under the social safety net schemes if the coronavirus situation lingers," he said.

Shamsul Alam, member of the General

Economics Division under the planning ministry, cited the incidence of rice price spiral after the harvest of boro paddy and raised questions about the accuracy of production estimates.

"We should follow market signals. We must make preparations for import if prices of rice do not decline," he added.

The food office might be able to purchase

an additional five lakh tonnes of the grain in the rest of the period of the procurement programme, said Food Secretary Mosammat Nazmanara Khanum.

"The requirement of food distribution could be met until December by the present stock. We need to build up stock for the subsequent period for the sake of consumers," she added.