Australia may open probe into financial scandal

AFP, *Sydney*

Australia said on Friday it would consider calls for a national inquiry into a major financial scandal at the country's biggest listed firm, but would not rush a decision.

Prime Minister Tony Abbott said he was considering a report by a Senate committee that urged a royal commission into the Commonwealth Bank of Australia's financial planning arm amid allegations of forgery, fraud and cover-ups between 2006 and 2010.

Thousands of people are reported to have lost their life savings after CBA advisers placed them on risky products -- including forging signatures in some cases -- before the global financial crisis as they chased large bonuses.

The products collapsed, leading to the loss of millions of dollars.

The Senate inquiry found the bank then underpaid the victims through compensation, allegedly tried to avoid scrutiny from regulators and covered up its actions.

"This is not a recommendation that the committee has made lightly, but the evidence the committee has received is so shocking," Senate committee chairman Mark Bishop said.

In Bangladesh, Tau hopes to spur a 'race to the top'

NATIONAL POST, *Canada*

In April 2013, a horrendous collapse of a rickety garment factory in Bangladesh killed more than 1,100 workers. The year before, fire swept through another, killing 117 people, and despite such tragedies, improvements in that country's garment sector have been few and far between.

The reality is that capitalism and globalisation have given Western consumers cheap goods and helped emerging economies grow, but that's usually done through the exploitation of workers and the environment. Shop floor conditions are Dickensian in Bangladesh and elsewhere because there continues to be a race to the bottom that doesn't seem to be reversing.

But Oliver Niedermaier has come up with a "capitalist solution for a capitalist failure." He founded private-equity firm Tau Investment Management (Tau means "resurrection in the Greek alphabet) in partnership with Alex Soros and other well-heeled Americans who are raising $1-billion to clean up the world's worst supply chains.

The idea is to use capital to invest in inefficient supply chains and transform them into ethical, sustainable and efficient businesses that pay decent wages and respect the environment.

This is not about charity. Tau hopes to generate above-market returns for its investors. "Supply chains represent the biggest cleanup requirement in capitalism," he said in a recent interview in New York. "When we started setting up Tau as a firm, one of the first areas we were looking at was the garment manufacturing industry because we view it as one of the biggest turnaround opportunities in history."

With a pledge from Soros for $300-million, Tau has assembled "boots on the ground" in Bangladesh and invested in a handful of the country's 6,000 garment manufacturers. Its team includes experts in manufacturing systems and processes, human resources and environmental practices.

"To upgrade jobs there must be more automation but bigger efficiencies will create sustainable employment with higher wages, better environmental practices, training, opportunities, child care and health care for workers," he said. "Ninety-five percent of workers are women who are underpaid, and supervisors are picked because they are male and can shout at the women."

Another Tau founder is former ExxonMobil Corp. vice-president of global procurement Jean Baderschneider, who has been active in the fight against forced and slave labour. She believes Tau represents the best, and perhaps only, way to stop the exploitation of workers.

"There is legislation against forced labor in 190 countries but laws have no teeth," she said. "NGOs don't know how to create sustainable businesses, and governments are part of the problem. The solution is that business must be engaged in human rights issues, just as it has become involved in health and safety issues. Companies must buy into the cause and make money from it."

Tau hopes to raise another $700-million by 2015 from importers such as Nordstrom and others. Garment manufacturing is the world's third-biggest industry—some $700-billion a year—behind only autos and electronics.

This spring, Tau announced its first investment fund in Dhaka and was deluged with interest from suppliers that want to tap into its funds, expertise and contacts with western customers.

AML

AAMS Arefin Siddique, vice chancellor of Dhaka University, ASM Mainuddin Monem, and ASM Mohiuddin Monem, deputy managing directors of Abdul Monem Ltd (AML), attend the inauguration of the AML-sponsored boys' canteen at the Business Studies Faculty on the DU campus on Thursday.

AIRTEL

Abul Hashem, managing director of Ambia Group, and Adil Hossain Noble, head of corporate and SME sales at Airtel Bangladesh, attend the signing of a corporate agreement for voice, SMS and data services in Chittagong recently.

BANK ASIA

Md Arfan Ali, deputy managing director of Bank Asia, and Sadid Jamil, managing director of Metal Plus, exchange documents of a memorandum signed to facilitate credit services to farmers intending to purchase agricultural equipments in Dhaka recently.

NCC BANK

Md Nurun Newaz Salim, chairman of NCC Bank, inaugurates an ATM at the bank's branch on its own premises in Motijheel, Dhaka on Monday. Golam Hafiz Ahmed, managing director, was also present.

ARAMIT

SM Jamal Ahmed, chairman of Aramit, presides over the company's 43rd annual general meeting in Chittagong on Thursday. Aramit announced 50 percent cash dividends. Fariduddin Ahmed, company secretary, was also present.

BNP Paribas to plead guilty to dodging US sanctions

AFP, *New York*

US authorities are set to announce Monday a deal in which the French bank BNP Paribas pleads guilty to helping some countries to avoid US sanctions and agrees to pay an $8.9 billion fine, the New York Times reported Friday.

Such a guilty plea by a major financial institution, in this case France's biggest bank by market capitalization, is rare, the Times said.

At the request of US authorities, BNP has severed ties with a dozen employees, including two senior executives. But no one at the bank has been charged, the newspaper said, quoting people briefed on the case.

The deal with federal and New York state authorities had not been signed as of Thursday but barring a last minute obstacle US authorities hope to announce it at a press conference on Monday, the Times said.

The case concerns charges that BNP Paribas breached US sanctions against Iran, Sudan and Cuba between 2002 and 2009 by handling $30 billion worth of transactions with them.

The admission of guilt could have meant the bank would lose its license to operate in the United States.

Instead, the New York state financial regulator, Benjamin Lawsky, has taken aim at the bank's ability to engage in dollar clearing -- processing payments in dollar denominations. This key to dealing with international clients, the paper said.

Some units within the bank's headquarters in Paris, and in its offices in Geneva and Singapore, will be barred from clearing dollar transactions for at least six months, the Times said.

The bank's oil and gas unit is among those that face the suspension. It was involved in many of the illegal transactions in this case.

While most of the illicit transactions took place from 2002 to 2009, some stretched into 2012 while the US government had already launched its investigation, the Times said.

The French government has raised the matter several times at the highest level of US authorities, including with President Barack Obama.

France argued that a fine reported possibly to exceed $10 billion would be so disproprionate as to endanger negotiations between the European Union and United States over a free-trade agreement.

They also argued that such a big fine would so weaken the bank as to cause a risk knock-on effects through the banking system, although some analysts were sceptical about this.

World Cup boosts Brazil economy, but what comes next?

AFP, *Rio De Janeiro*

With a goofy sales pitch, piercing vuvuzela solos and giant green and yellow hat, Brazilian entrepreneur Josimar Barbosa was wooing customers and raking in a World Cup windfall.

"You too can be this sexy while you root for Brazil! Get your hats, vuvuzelas, flags!" he called to the crowd checking out the football merchandise displayed outside his store on a busy street in central Rio de Janeiro.

Wheeling and dealing, the charismatic 27-year-old closed one sale after another.

"It's like this all the time," he told AFP, estimating his sales are up 90 percent.

"Everything about this event is good for Brazil, including for us small businesses," he said, winking at a middle-aged woman buying 65 reais' worth of merchandise for 60 reais ($25).

The World Cup is adding 30 billion reais ($13.4 billion) to the Brazilian economy, according to a government-commissioned study by FIPE, the University of Sao Paulo's economic research institute.

The institute says hosting the tournament has created one million jobs in Brazil -- the world's seventh largest economy, with a GDP of $2.4 trillion in 2013.

But not all experts agree.

Other estimates say the boost is far smaller -- less than the $11 billion the government spent on the event.

And many economists warn World Cup spending is fueling inflation that may not end with the tournament.

"The hosting of a major sporting event has not and will not have a major positive impact on Brazil's economy," said French insurer Euler Hermes, a subsidiary of Germany's Allianz, in a recent report.

The World Cup will bring "more inflation than growth for Brazil," predicted the firm's economic research arm.

Consumer prices rose 6.4 percent in the 12 months to mid-June, nearing the central bank's target limit of 6.5 percent.

Brazilians -- fearful of a return to the hyperinflation that gutted salaries in the 1980s and 90s -- often complain their money doesn't go as far as it did a few years ago.

That is a problem for leftist President Dilma Rousseff, who is up for re-election in October and has to persuade voters she can reboot the sluggish economy.

Brazil's economy has lost the aura it had in 2007, when the country was picked to host the World Cup under Rousseff's predecessor and mentor, the popular Luiz Inacio Lula da Silva.

Economic growth, after hitting a blistering 7.5 percent in 2010, slowed sharply over the next three years, coming in at just 2.5 percent in 2013. Economists polled by the central bank are forecasting 1.2 percent this year.

The slowdown is all the more painful because the boom years lifted 36 million Brazilians out of poverty, about 18 percent of the population.

Innovative social programs helped foster that exodus by paying people to do things like send their children to school, a bid to break the cycle of poverty.

But households that got used to having disposable income now find their buying power slashed by rising prices, which is fueling social unrest.

And the government's books are overstretched.

Economists say Brazil has relied too much on consumption and not saved enough, channeling money to social programs at the expense of badly needed investment in areas like infrastructure.

"The consumer-led model has probably run out of steam," said Marcos Troyjo, economist at New York's Columbia University.

"Brazil has to go through some sort of change of DNA. Now it has to be about more investment, it has to be about more exports, more connection to global markets, it has to be about competitiveness becoming a second religion."

German MPs adopt cuts for green energy subsidies

AFP, *Berlin*

German lawmakers adopted a law on Friday to reduce renewable energy subsidies as the government seeks to keep its green "energy transformation" on track, curb rising prices and fight nagging criticism.

The reform of the "Energiewende" is one of the first big projects of Chancellor Angela Merkel's third term, together with a national minimum wage, and has been a political hot potato both in Germany and with the European Commission.

The law, overwhelmingly approved in the Bundestag lower house of parliament, aims to provide new impetus to the energy shift under which Europe's top economy plans to meet 80 percent of its energy needs with renewables by 2050.

"We're reducing the costs and that is also urgently needed," Energy Minister Sigmar Gabriel told MPs.

Merkel acknowledged this week that Germany was facing a "herculean" task, while Gabriel, who is also her vice-chancellor, said the energy transformation was increasingly being viewed with scepticism by the rest of the world.

Germany introduced a generous system of subsidies for green energies in the late 1990s, a move which has borne fruit -- 27 percent of the electricity used in the first quarter of this year came from renewable sources -- but is costly.

Vietnam GDP grows 5.18pc

AFP, *Hanoi*

Vietnam's economic growth picked up in the first half of the year, official figures showed Friday, indicating the effects of anti-Chinese riots were not as bad as feared.

Gross domestic product (GDP) expanded 5.18 percent in January-June from the same period last year, according to General Statistics Office estimates, up from 4.9 percent in the same period last year.

The central bank last week devalued the Vietnamese dong by one percent to help boost exports following unrest in May triggered by the protests.

The country was hit by deadly riots in May after China moved an oil rig into waters claimed by Vietnam, inflaming already tetchy relations between the neighbours.

However, Taiwanese and Korean businesses were hit hardest by the violence, which saw factories vandalised and set ablaze in parts of south and central Vietnam.

Hanoi has offered compensation to affected businesses by cutting tariffs and fast-tracking insurance settlements.

STANDARD INSURANCE

HTM Quader Newaz, chairman of Standard Insurance, attends the 14th annual general meeting of the company held at Spectra Convention Centre in Gulshan, Dhaka recently. Amar Krishna Saha, managing director, was also present.

BROTHERS FURNITURE

Habibur Rahman Sharkar, chairman of Brothers Furniture, attends an associates' conference organised by the company at Innotel in Banani, Dhaka recently. Md Elias Sharkar, managing director, was also present.

PHOENIX INSURANCE

Mohammed Shoeb, chairman of Phoenix Insurance, attends the 28th annual general meeting of the company at Institute of Diploma Engineers in Dhaka recently. The company announced 20 percent cash dividends for 2013. Md Jamirul Islam, managing director, was also present.