

# Cheap oil, weak euro boost German investor sentiment

Investor sentiment in Germany rose sharply again in December driven by a weak euro and plunging oil prices, a survey found on Tuesday, underlining a sunnier outlook for Europe's top economy. The widely watched investor confidence index calculated by the ZEW economic institute jumped by 23.4 points in December, after increasing for the first time this year in November, ZEW said in a statement. It said there was abundant evidence that faith in Germany among financial market experts was being restored.

fostered by factors that can change quickly." For its survey, ZEW questions analysts and institutional investors about their current assessment of the economic situation in Germany, as well as their expectations for the coming months. The sub-index measuring financial market players' view of the current economic situation in Germany also rose, by 6.7 points. In November the ZEW headline indicator had bounced back for the first time in 2014, adding to signs that the German economy is stabilising and providing a boost for the eurozone as a whole.

After hitting a 22-month low in October, the index jumped to 11.5 points from minus 3.6 points the previous month. Last week Germany reported that its trade surplus had grown slightly in October, with imports showing a sharper decline than exports due in part to the weaker euro.

A frequent criticism of the ZEW index is that it can be volatile and is therefore not particularly reliable. As a result, analysts were cautious about reading too much into the December data. "December's sharp rise in German ZEW investor sentiment is an encouraging sign that confidence has so far not been hit by renewed problems in Greece, but the improvement is at odds with the weakness of the more reliable PMI" or purchasing managers' index, said Jennifer McKeown, senior European economist at Capital Economics in London. The German PMI had declined in December, McKeown noted, and said that she maintained her view "that the Germany recovery will be steady rather than spectacular and that additional policy support is still required in Germany and the eurozone as a whole" to boost growth.

Christian Schulz of Berenberg Bank said "the evidence that Germany's economy is about to reaccelerate after a rough patch is mounting" but warned there may be "new wobbles ahead". "The market rout triggered by political risks in Greece as well as the economic fallout of sanctions and the sharply lower oil price for Russia are bound to leave traces in German investor confidence in the coming months, if sustained," he said. Carsten Brzeski, chief economist at ING-Diba bank in Frankfurt, said the ZEW index, with the headline number showing its strongest monthly increase since January 2013, and the weaker PMI sent "mixed signals". "The economy should benefit from a very special stimulus package: the weaker euro and the sharp drop in energy prices," he said. "To some extent, however, this very special stimulus package could also be the poisoned apple as it could delay necessary structural reforms."



Mahtabuddin Ahmed, chief operating officer of Robi Axiata, and Md Ataur Rahman Manik, managing director of Toma Group, attend the signing of an agreement for corporate mobile services, at the Robi corporate office in Dhaka.

## India moves closer to GST implementation

India's plans to rationalise state and central indirect taxes into a harmonised goods and service tax (GST) took a step closer to reality after New Delhi struck a deal with recalcitrant states, two government sources told Reuters.

Finance Minister Arun Jaitley brokered a compromise on Monday evening that would pave the way for a key constitutional amendment to be tabled in the current parliamentary session that runs to Dec. 23.

"Developments have been positive," said one of the finance ministry officials who attended the meeting. "Everything will be clear in couple of days."

Investors and manufacturers have long coveted the GST as a game-changer that would simplify taxes while broadening the tax base, adding as much as 2 percentage points to the size of Asia's third-largest economy.

However, the measure has been held up for years with some of India's 29 states reluctant to give their assent for fear of revenue losses. Even after Monday's compromise, the tax is not likely to take effect until April 2016.

In critical concession, Jaitley offered to compensate the states for any loss of revenues following the implementation of the GST, the sources said.



Ali Reza Iftekhar, managing director of Eastern Bank, presents a crest to Salina Islam, one of the top remitters of the bank, at a ceremony at EBL head office to honour the bank's top non-resident Bangladeshi remitters.



Md Habib Ehsan, zonal sales manager of Airtel Bangladesh, participates in a rally held recently to mark the launch of the operator's 3G services in Noakhali region.

## Uber targeted by Belgium tax probe

Belgian authorities ordered a probe Tuesday into the tax affairs of Web-based taxi app Uber in the latest legal challenge the fast-growing company faces around the world amid fierce resistance from cab drivers.

Uber, which operates in about 250 cities in 50 countries, has become an object of scorn from traditional taxi companies fighting for survival against the rise of the Silicon Valley challenger, founded in 2009.

With Belgian taxi operators already up in arms, tax auditors will probe whether Uber obeys current legislation, said Elke Sleurs, the junior minister on tax fraud issues.

"If there are indications that Uber is committing or enabling tax infractions, we will investigate and we will act," the minister said.

Uber is already targeted on several legal fronts in Belgium, including an effort by authorities in the capital Brussels to ban the service outright.

In Belgium, the service exists only as UberPop, the ridesharing app that allows non-professional drivers to become chauffeurs-for-hire at rates far lower than normal taxi rides.

In March, a business court in Brussels ordered Uber to stop the service or risk a 10,000 euro (\$12,400) fine.

At the time, Uber said it was outraged by the decision and continued developing its business.

Founded in California, Uber has become a popular transportation alternative to traditional taxis, especially to web-savvy and well-heeled travellers.

Uber charges a commission for each ride, but fees charged by the service's drivers are generally lower than normal taxis.

Despite its meteoric rise, legal clashes and controversy have started to challenge Uber's success.

It has been banned from operating in Spain and received a partial ban in Thailand.

Meanwhile the city government in New Delhi banned it from operating in the Indian capital after a passenger accused one of its drivers of rape.

## Tourism fair begins in Ctg tomorrow

STAR BUSINESS DESK

A three-day international tourism fair -- Chittagong Travel Mart-2014 -- will begin at the Peninsula hotel in the port city tomorrow.

Nineteen firms, including airlines, tour operators, hotels, resorts, amusement parks and other related organisations, will exhibit their products and services at the fair, according to a statement.

Civil Aviation and Tourism Minister Rashed Khan Menon will inaugurate the show, to be organised by The Bangladesh Monitor, a travel journal. Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry, will also attend the opening ceremony.

The fair will remain open from 10.30am to 8pm without any entry fee.

Participants, including United Airways, Malindo Air, The Peninsula Chittagong hotel, Long Beach Hotel, Grand Sultan Tea Resort, Nagar Valley Hotel, Best Bangla Tours, Honeymoon Tours, THR Immigration, and Make My Trip, will offer discounts.

## Eurozone business activity lifts slightly in December

AFP, Brussels

Business activity in the eurozone accelerated slightly in December, a key survey showed Tuesday, but not enough to lift wider economic worries with powerhouse Germany sluggish and France in a slowdown.

Markit Economics said its Composite Purchasing Managers Output Index (PMI) for the 18-country zone that uses the single currency rose marginally to 51.7 points in December from 51.1 points in November.

The still-weak figure will do little to calm worries that the lack of activity in the eurozone is becoming a drag on growth worldwide.

The closely watched survey came as official data showed that eurozone exports in October fell by 0.3 percent from the month before, with imports also lower, down 1.3 percent.

"The eurozone saw a slightly faster growth of business activity in December but still ended the year on a whimper rather than a roar," said Chris Williamson, chief economist at Markit.

The Markit survey showed the second-lowest increase over the past year, "suggesting the euro area economy expanded by a mere 0.1 percent in the fourth quarter,"

Williamson said.

Officially, the eurozone economy grew just 0.2 percent in the third quarter, and the latest survey will add to worries that the situation is not about to change.

Particularly worrying was weakness demonstrated in the eurozone's biggest economies, with German businesses reporting the smallest increase in activity since June 2013.

Activity in France, the currency bloc's second biggest economy, fell for the eighth consecutive month.

Outside those key countries however, the outlook was more upbeat, with activity rising at the fastest rate in five months.

"The December purchasing managers surveys suggest that the eurozone has struggled in the fourth quarter to even match the slightly improved GDP growth of 0.2 percent quarter-on-quarter seen in the third quarter," said Howard Archer, economist at IHS Global Insight.

But Archer said that while the region is undeniably still weak overall, the survey "at least offered some grounds for hope that very low oil prices, a markedly weaker euro and the ECB's stimulative measures could be starting to have some positive impact on activity."

## Jubok clients still in the dark after eight years

FROM PAGE B1

The committee also recommended an amendment to the anti-money laundering law to allow either one of the deputy commissioners, upazila nirbahi officer or the court to forfeit the assets of Jubok and assign the responsibility of managing it.

It has called for steps against the top officials of Jubok under the money laundering prevention law, as the offence is punishable with 4 to 12 years of jail and a fine of up to Tk 10 lakh.

However, the committee could not suggest any quick way to return the funds to the Jubok clients.

Meanwhile, the two commissions said the clients were indirectly complicit: they deposited their money with Jubok despite knowing it was an illegal firm.

Even if a workaround can be found to return the money, the clients will only get the principal amount -- and not the interest.

The inter-ministerial committee supported the idea and said the permanent commission may take necessary actions in this regard.

The permanent commission will also

take steps to appoint an administrator whose main responsibility will be to sell off the assets of Jubok and return the embezzled funds, the committee said.

Until an administrator is appointed, the deputy commissioner or the upazila nirbahi officer of the relevant areas will oversee and manage the assets of Jubok.

In this regard, the cabinet division and the ministry of public administration will issue an executive order.

The cabinet division will also issue an order prohibiting all government policymakers and high-profile officials from joining any functions arranged by organisations like Jubok.

Jubok started its operations in 1994 by providing microcredit to its members. Since its registration with the Joint Stock Companies in 1997, it has set up more than 20 business outfits.

By 2006, its tentacles spread to telecoms, housing and real estate, tourism, health, ceramics, seafood, IT, nursery, agro-biotech industry, and capital management.

Jubok Chairman Masud Al Hossain was arrested in 2009 on charges of embezzlement. He was later freed on bail.



Officials and participants pose during a stockist conference of Syngenta Bangladesh, held at the capital's Sonagaon hotel on Saturday.