

Brent above \$61 as Iran news offsets US stockpiles

REUTERS, London

Brent crude future prices rose above \$61 a barrel on Thursday, as investors brushed aside bearish US inventories data to focus on the lack of a deal in talks over Iran's nuclear program.

Tehran's ambassador to the International Atomic Energy Agency (IAEA) said on Wednesday no deal had been reached on the duration of any possible final agreement with world powers on Iran's program. That allayed investors' fears of an imminent rise in Iranian oil supply.

Brent LCOc1 has traded around \$60 since mid-February, rebounding from a six-year low of about \$45 hit in January.

Brent crude front-month futures rose 77 cents to \$61.32 a barrel by 4.59 a.m. ET while West Texas Intermediate (WTI) crude CLc1 rose 65 cents to \$52.18.

A two percent gain in the previous session narrowed WTI's spread with global benchmark Brent to just above \$9 a barrel.

"We're trading in a new range. At the moment that range for Brent is \$56-\$62 for WTI its \$47-\$54, and I think we're looking to stabilize," said Michael Hewson, chief markets analyst at CMC Markets.

"We'll continue to do so until such time as we get some indication that demand is starting to outstrip supply and I don't think we're there yet."

Government data showed commercial crude stockpiles in the United States hit a record high, rising twice as much as expected to 10.3 million barrels last week, but that failed to push prices down.

Self-driving cars could generate billions in revenue: US study

REUTERS, Detroit

Self-driving cars could generate billions of dollars a year in revenue from mobile internet services and products, even if occupants spend only a fraction of their free time on the web, according to a new study by McKinsey & Company.

The study, released Thursday, also projects that widespread adoption of self-driving cars could lead to a 90 percent reduction in US vehicle crashes, with a potential savings of nearly \$200 billion a year from significantly fewer injuries and deaths.

In addition, the McKinsey study warns of several risks to established companies, including vehicle manufacturers, dealers and even insurance companies.

McKinsey projects that future owners of self-driving cars could save up to 50 minutes a day, some of which is likely to be spent surfing the web.

The consulting firm estimates the additional free time in the car could generate about \$5.6 billion a year in digital revenue for each additional minute that vehicle occupants spend on the internet - as much as \$140 billion if half their free time in the car, or roughly 25 minutes, is devoted to daily web surfing and shopping.

The revenue may be divided among the vehicle manufacturers, their major hardware and software suppliers and web-based providers of goods, information and services.

In the future, "people will be able to shop for services or products from their mobile devices or from embedded systems in the vehicle," said Hans-Werner Kaas, senior partner and head of McKinsey's automotive practice.

McKinsey said that while traditional automakers, especially premium brands such as Daimler AG's Mercedes-Benz and Volkswagen AG's Audi, already are beginning to

implement advanced driver assistance systems on their cars, they face new challenges in fielding fully autonomous cars from "attackers," non-traditional companies that do not have legacy vehicle platforms or sales and service networks.

Those outside challengers include such newcomers as Tesla Motors Inc, as well as tech giants such as Apple Inc and Google Inc, both of which are poised to build self-driving cars.

The gradual shift to self-driving cars, which may automakers don't expect to accelerate until after 2025, could trigger other profound changes in the auto industry.

Those include a shift among insurers from covering risk of human error to risk of technical failure; a shift from franchised dealer service to independent shops where autonomous vehicles can drive themselves for repairs and maintenance, and fewer trips to the shop as more cars are diagnosed and updated wirelessly.

Australian master chef joins Rupchanda-Daily Star Super Chef contest

STAR BUSINESS DESK

Australian master chef Emma Dean has recently arrived in Dhaka and joined the Rupchanda-The Daily Star Super Chef 2015 competition as a guest judge.



Emma Dean

The season five winner of the widely viewed Australian edition of the culinary expertise programme said she was honoured to be a part of the cooking contest in Bangladesh.

"I really enjoy Bangladeshi cuisine," she said.

For Dean's reception, a five-course dinner by Chef Syed Tazammul Huq (Tareq) was arranged in the city's Watercross restaurant. A session titled "An Evening with Emma" was organised for Bangladeshis to get a chance to meet her.

Mahfuz Anam, editor and publisher of The Daily Star; Shoeb Md Asaduzzaman, head of sales and marketing at Bangladesh Edible Oil; Sheikh Aftab Ahmed, managing director of Olive Tree Foods, and Ranjan Kumar Datta, head of sales and marketing of NTV, attended the gala dinner.

Rupchanda-The Daily Star Super Chef 2015 will be aired on NTV soon.



Aminul Islam, chief operating officer of Bank Asia, poses at the opening of a training and development institute in Dhaka recently. Mamun Mahmud, head of human resource, was also present.



M Nazeem A Choudhury, head of consumer banking at Eastern Bank, and Aruna Ratnayake, general manager of Mihin Lanka Airlines in Bangladesh, exchange documents of an agreement in Dhaka recently. EBL cardholders travelling to Colombo before May 31 by Mihin Lanka Airlines will enjoy three nights free accommodation at a hotel in Colombo.

EBL, Mihin Lanka offer free stay in Colombo

STAR BUSINESS DESK

Eastern Bank has teamed up with Mihin Lanka Airlines to offer the bank's cardholders a three-night complimentary stay at a hotel in Sri Lanka.

The travellers who will make a two-way trip from Dhaka to Colombo by Mihin Lanka will be able to enjoy the offer, the bank said in a statement yesterday.

EBL cardholders will stay at Global Towers Hotel in Colombo along with a complimentary airport transfer by air conditioned car by purchasing the tickets of the trip from Ace Aviation Services for any trips that will be completed by May 31.

M Nazeem A Chowdhury, head of EBL consumer banking, and Aruna Ratnayake, general manager of Mihin Lanka, signed an agreement.

Investors agonise over Indonesia's floundering anti-graft drive

REUTERS, Jakarta

Investment bankers and company executives are worried President Joko Widodo's drive for clean governance is falling apart amid a dispute between rival law enforcement agencies in Southeast Asia's largest economy.

Indonesia's main anti-corruption agency, Corruption Eradication Commission (KPK), has been severely weakened over the last few weeks in a tit-for-tat feud with the police led to an overhaul of the agency's leaders.

The KPK is widely popular among Indonesians and the international community for arresting cabinet ministers, lawmakers, central bankers and CEOs, exposing how widespread and systemic corruption is in Indonesia.

"Business people are seeing this as political instability, which may delay some developments," said Edward Lubis, president director of Bahana TWC Investment, which manages a 28 trillion rupiah (\$2.15 billion) fund.

"They may have not turned negative about the capital market, but some investors planning to accumulate more have stopped to wait for more progress, more certainty on how quick this issue can be resolved."

Widodo came into office in October pledging to bring clean, effective government in one of the world's most corrupt nations.

But his anti-graft credentials came under fire after the president hesitated to withdraw Budi Gunawan as his nominee

for police chief following the candidate's implication by KPK in a bribery scandal. Widodo eventually buckled to weeks of public outcry, withdrawing the nomination last month.

The president also suspended two KPK leaders, who were named as suspects by police in separate criminal cases, in a move many saw as a compromise to appease both rival law enforcement agencies.

Since then, KPK supporters and local media have said the anti-graft agency has become significantly weaker.

The agency, which has a 100 percent conviction record after naming someone a suspect, took the unprecedented step this week of giving up on the Gunawan case and handing it over to the attorney general's office.

"Indonesia's golden era of corruption eradication has ended," said an editorial this week in the Jakarta Globe, an English-language daily.

An instant poll of around 200 business executives and other attendees at a conference in Jakarta on Thursday found that most believed the top challenge facing Indonesia was not poor infrastructure or burdensome bureaucracy, but corruption.

"Investors are seeing that the government is very fast in making decisions on economic issues, but on this issue it takes so long," said Michael Tjoajadi, CEO of asset management firm Schroders Indonesia, which manages 64 trillion rupiah in assets.

Energy efficiency key to future growth

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By adopting modern technology, the country can increase its power production by another 1,000MW, he said at the launch ceremony of the Energy Efficiency Engagement programme of the Nordic Chamber of Commerce and Industry.

The programme was launched yesterday by the NCCI in collaboration with the Danish International Development Agency through the Danish embassy at a local hotel.

The main objective of the programme is to promote the adoption of energy-efficient practices and technology in the industrial sector, which would then lead to significant lowering of costs and reduction of energy intensity.

This will be achieved by offering companies the opportunity to get an energy assessment of their production facilities by certified consultants. The programme is funded by Danida and NCCI is the implementing partner.

The United States, a major power producing country, makes up around 25 percent of its total electricity generation through energy efficiency, said Mohammad Tamim, a professor of Bangladesh University of Engineering and Technology.

He called for bringing in efficiency on residential use of power, as the segment now accounts for nearly 53 percent of the country's total electricity consumption.

Atiur Rahman, governor of Bangladesh Bank, stressed the need for green initiatives for sustainable economic growth.

The country has maintained more than 6 percent of real GDP growth over the last ten years, which is poised to increase in the

years ahead. If the momentum continues, energy consumption will rise by at least 10 percent, he said.

Rahman went on to praise the role of NCCI and Danida in supporting the green growth of Bangladesh economy by addressing the priorities in climate change adaptation and mitigation.

Hanne Fugl Eskjaer, the ambassador of Denmark to Bangladesh, said the reason for developing this engagement is to support the growth of Bangladesh industries in a sustainable way and increase the activities of Danish and Nordic companies in Bangladesh.

Energy efficiency is the foundation for future industrial growth, as it will reduce greenhouse gas emissions, reduce energy intensity and improve the sustainability of products produced in Bangladesh, she said.

NCCI President Shamim Ul Huq said energy efficiency will be a major contributor to economic growth, adding that NCCI strongly believes in sustainability and supporting the trade at large in becoming sustainable.

Sustainable economic growth and the security of energy and water supply are among the greatest global challenges today.

As the first country in the world, Denmark has decided to lead the "green growth" transition and become a green and resource-efficient economy, entirely independent of fossil fuel by 2050, said Stephan Skare Enevoldsen, senior advisor of Danida.

Energy efficiency has been a key for Denmark's green growth. In 2013, electricity production in Denmark from renewable energy plants accounted for 46.7 percent of domestic electricity supply, he added.

US pledges to help achieve \$50b apparel export target

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"The garment sector clearly drives social change in Bangladesh. My government will help Bangladesh achieve the \$50 billion export target, so that you can become the number one exporter in the world," Bernicat, a newly appointed US diplomat, suggested further compliance in the sector to make the business sustainable.

"Of course, more needs to be done. The finalisation of rules of the amended labour law is important for the implementation of the law in the factories," she said.

The government did not finalise the rules yet although the labour law was amended in parliament in July 2013, allowing full freedom of association in the factories.

Highlighting the challenges the sector faces, Atiul Islam, president of BGMEA, said, "We need a stable political environment to reach the export target."

"The garment industry is the lifeline of the economy. The sector empowered women and Bangladesh is moving ahead."

The number of factories housed in shared buildings has also been declining; 60 percent of garment factories are now housed in purpose-made buildings, he said.

"We are also relocating factories from Dhaka to other places, to increase workplace safety after the Rana Plaza building collapse."

Islam said an appreciation of the local currency against the euro and greenback has posed a major challenge for Bangladesh, as exporters are losing money in the exchange process.

Another challenge is the rise in apparel exports from Pakistan to markets in the EU since January 2014, as the EU granted Pakistan the "GSP plus" status for 75 items, of which, 55 are garment items and similar to Bangladeshi products destined for the same markets, he said.

Higher bank interest rates and higher workers' salaries are also some challenges for the sector, he added.

Bangladesh has to pay higher duty for exporting garments to the US market, Islam said.

Currently, the US is the single largest export destination for Bangladesh.

Bangladeshi exporters now pay 15.61 percent in duty to the US for the export of garments that account for 95 percent of total exports to the US.

In fiscal 2013-14, Bangladesh exported goods worth \$5.59 billion to the US and imported products worth \$801.10 million, up from \$5.41 billion and \$537.80 million respectively in the year before that, according to commerce ministry data.

Bangladeshi garment exporters paid \$828 million as duty to US customs last year and \$3.41 billion in the last five years, according to the commerce ministry.

China pays 3.08 percent in duty to the US for garment exports, while Vietnam pays 8.38 percent, India 2.29 percent, Turkey 3.57 percent and Indonesia 6.30 percent.



Habibur Rahman, deputy managing director of Prime Bank, and Sheikh Aftab Ahmed, managing director of Watercross Restaurant, attend the signing of a deal at the bank's premier banking lounge at Santa Western Tower in Tejgaon, Dhaka on Tuesday. The bank's premium customers (Monarch) and platinum cardholder's will get 12.5 percent discount on all A-la-carte menus at the restaurant.



Azam Khan, head of marketing and development division at First Security Islami Bank, and Shazeeb M Khairul Islam, chief executive of Social Business Youth Alliance-Global, shake hands after signing a sponsorship deal for a social business competition, at a programme in Dhaka yesterday.