

# HSBC's HQ rethink: taxes, China relationship hold key to decision

REUTERS, London

In 1990, an assessment called Project Rainbow paved the way for HSBC to move from Hong Kong to Britain. As Europe's biggest bank now considers moving back, the same exercise offers clues to its final decision, say industry sources and analysts.

Project Rainbow assessed HSBC's future base by considering whether it was operationally effective, tax efficient, politically acceptable, consistent with bank regulatory requirements, in the best interests of shareholders and compatible with any future merger of HSBC and the Midland Group.

After HSBC said its formal review of whether to change headquarters again could take six months of complex discussions, industry observers are looking to previous decision-making criteria to try to forecast its final decision.

How easily Chief Executive Stuart Gulliver can keep his new structure intact is a major consideration, particularly after his work in the last

four years to cut costs, improve profitability and simplify operations following a string of scandals partly blamed on a lack of central control.

Gulliver has also re-established Asia as the bank's heartland, reversing two decades of expansion in Europe and the Americas so that 63 percent of profits in the last two years came from Asia.

Significantly, HSBC has said it needs to be positioned "in the best way to support the markets and customer bases critical to our future success."

A jump in Britain's bank levy prompted HSBC to consider moving.

It will pay some \$1.5 billion under the levy this year - about 7 percent of expected pretax profits - up from \$1.1 billion in 2014. That could rise to more than \$2 billion if the opposition Labour Party wins power in Britain's May 7 general election because Labour has said it will increase the levy by 800 million pounds (\$1.21 billion) a year.

UK banks pay the levy - which has

been raised eight times since being introduced in 2010 to ensure banks made a "fair contribution" - on all their balance sheet. Overseas banks pay it on their UK assets. If it moved, HSBC would be taxed on about 42 percent of its assets, potentially saving \$900 million or more a year.

HSBC paid \$7.9 billion in total taxes last year, including \$2.4 billion in Britain and \$1.3 billion in Hong Kong.

HSBC initially moved to London following its takeover of Midland Bank, at the insistence of the Bank of England. But insiders at the bank said the decision had more to do with soothing investors' worries about the future of Hong Kong when it was handed back to China in 1997.

Now China's relationship with Hong Kong is gearing up to be another key issue for the bank.

Hong Kong's economy has flourished over the last 18 years under a formula dubbed 'One country, two systems' whereby the territory kept a separate legal system and greater

freedoms. That pledge expires in 2047 and analysts say there is concern Beijing could start to exert greater control over the territory. Tension over the mainland's existing influence in Hong Kong prompted demonstrations last year.

HSBC's \$2.6 trillion balance sheet, at eight times the size of Hong Kong's economy, means it would likely need Beijing's backing to move.

But closer ties with China could raise questions about HSBC with U.S. regulators, given the bank's importance as a clearing house for U.S. dollar-denominated trade.

Staying in Britain may not ensure political stability, however. Prime Minister David Cameron has promised to hold a referendum about Britain's membership of the European Union should his Conservative party win elections this month. HSBC has said the threat of Britain leaving the European Union is a major economic uncertainty.

Regulators in Britain and Hong Kong 'gold-plate' global rules so their banks must hold extra capital.



Ahmed Kamal Khan Chowdhury, managing director of Prime Bank, and Giriraj S Jadeja, regional head of Asia Financial Institutions Group at IFC, pose after a meeting in Dhaka recently to discuss increased cooperation to solve diverse business needs.

## Banks make good cash recovery against bad loans

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An official of Pubali Bank said the private commercial bank's board gives profit targets to them. Even after that, if the classified loan could not be brought down, they were forbidden from transferring the interest accrued on bad loans to income. So, the bank rescheduled loans and also made recovery against those, he added.

An official of Agrani Bank said they not

only made recovery against classified loans, they also made cash recovery against the written-off loans.

One of the reasons for falling bad loans is the rescheduling of default loans. They rescheduled bad loans worth Tk 6,216 crore in the last quarter of 2014 alone.

The central bank allowed a relaxed loan rescheduling policy between December 2013 and June 2014, under which banks rescheduled around Tk 20,000 crore.



Mahbub Hossain, chief operating officer of Shell Lubricants, launches a weeklong servicing campaign of the SUV line-up, including Pajero, Pajero Sport, ASX, and Outlander, at Rangs Workshop in Dhaka yesterday. SUV owners can get free comprehensive check, expert consultation for their vehicles and 10 percent discount on all kind of services, parts and Shell lubricants.

## Govt mulls temporary tax-free import of sample goods

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"We are in discussion with various stakeholders to select the items for temporary imports," the NBR official said.

Currently, the NBR grants such import against bank guarantees of up to 150 percent of applicable duties on the specific items. In case of non-return of the goods, the customs authority confiscates the bank guarantee in favour of the state.

But under the ATA Carnet System, customs authorities will grant temporary import permission for entry of commercial samples, professional equipment, and samples for display at interna-

tional fairs on condition of return or re-export of the items within a stipulated time.

The samples of the products will be allowed zero-duty entry, based on guarantee issued by a local trade body, which will take responsibility of duties in case of non-return of the goods or any misuse of the benefit by importers.

"We want to provide the scope to facilitate trade. It appears that there will be no effect on the state's revenue collection. But the opportunity may benefit certain sectors," the NBR official said.

The government had much earlier decided in principle to sign the

ATA Carnet system. However, the process was slowed owing to a delay in selecting the trade body that would vouch for the importers, according to the meeting minutes on the ATA Carnet.

"It is mainly because of differences in opinion between the Federation of Bangladesh Chambers of Commerce and Industry and the International Chamber of Commerce-Bangladesh. Both the chambers want to get that responsibility," the official said.

The need to sign the convention was felt after the signing of the Trade Facilitation Agreement (TFA) at the WTO Bali conference. Bangladesh is in the process of ratifying the TFA.

"So, we need to facilitate trade as a WTO member."

The ATA Carnet system is also used in Bangladesh's neighbouring countries, such as India, Sri Lanka, Pakistan, Thailand and Malaysia.

"We have also examined the types of products that are given ATA Carnet facility in those countries," he said, adding that the revenue authority plans to finalise the products and select a trade body that will issue guarantees for temporary imports.

After finalisation, the NBR will request the foreign ministry to initiate signing the ATA Carnet, the official said.

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**দরপত্র বিজ্ঞপ্তি**

নিম্নলিখিত শর্তসাপেক্ষে ঢাকা মেট্রোপলিটন পুলিশের ব্যবহারের জন্য বিভিন্ন প্রকার বাসায় (Lot by lot basis) দরপত্র দলিল মোতাবেক ক্রয়ের নিমিত্তে সীলমোহরকৃত খামে প্রয়োজনীয় যোগ্যতাসম্পন্ন ঠিকাদারী প্রতিষ্ঠানের নিকট হইতে The Public Procurement Regulation/2008 মোতাবেক দরপত্র আহ্বান করা যাইতেছে।

০১।	মন্ত্রণালয়/বিভাগ	শরতী মন্ত্রণালয়
০২।	সংস্থা	বাংলাদেশ পুলিশ
০৩।	দরপত্র ক্রয় কর্তৃপক্ষ	ঢাকা মেট্রোপলিটন পুলিশ, ঢাকা।
০৪।	দরপত্র আইটেমের নাম	বিভিন্ন প্রকার বাসায় (Lot by lot basis)।
০৫।	দরপত্রের আহ্বানের নম্বর	২০/২০১৪-২০১৫খ্রিঃ।
০৬।	দরপত্রের তারিখ	২৯-০৪-২০১৫খ্রিঃ।
০৭।	টেন্ডার সিদ্ধিবিধি	টেন্ডার সিদ্ধিবিধি হিসাবে ২০,০০০/- টাকা বাংলাদেশ সরকার কর্তৃক অনুমোদিত যে কোন সিদ্ধিবিধি ব্যাংক এর পে-অর্ডার/চেক/ড্রাফট/চেক/ড্রাফট পুলিশ কমিশনার, ঢাকা মেট্রোপলিটন পুলিশ, ঢাকার অনুমুদিত দরপত্রের সাথে সংযুক্ত করিয়া দাখিল করিতে হইবে।
০৮।	দরপত্র দলিলের মূল্য	দরপত্র দলিলের মূল্য ১,০০০/- (এক হাজার) (অনুরোধযোগ্য)।
০৯।	দরপত্র পদ্ধতি	উন্মুক্ত দরপত্র (জাতীয়)।
১০।	দরপত্রের অর্ধের উৎস	জিওবি (রাজস্ব)।
১১।	দরপত্র দলিল বিক্রয়ের সর্বশেষ তারিখ ও সময়	১৬-০৫-২০১৫খ্রিঃ তারিখ অফিস চলাকালীন সময় পর্যন্ত।
১২।	দরপত্র দাখিলের সর্বশেষ তারিখ ও সময়	১৭-০৫-২০১৫খ্রিঃ তারিখ সময় ১২.০০ ঘটিকার মধ্যে।
১৩।	দরপত্র খোলার তারিখ ও সময়	১৭-০৫-২০১৫খ্রিঃ তারিখ সময় ১২:৩০ ঘটিকা।
১৪।	দরপত্র দলিল আহ্বানের ঠিকানা	(১) সরকারী পুলিশ কমিশনার (ইউইপসি), রাজারবাগ পুলিশ লাইনস, ঢাকা (২) ডিসি (অর্থ ও বাজেট), ডিএমপি, ঢাকা অফিস-৩৬ শহীদ ক্যাপ্টেন মনসুর আলী সরদার, ডিএমপি সদর দপ্তর, রমনা, ঢাকা (৩) পুলিশ সুপার (প্রোগ্রামিং এন্ড টেলিকম), টেলিকম ভবন, রাজারবাগ, ঢাকা এর অফিস কক্ষে রাখিত দরপত্র।
১৫।	দরপত্র জমা দেওয়ার ঠিকানা	(১) সরকারী পুলিশ কমিশনার (ইউইপসি), রাজারবাগ পুলিশ লাইনস এর অফিস কক্ষে রাখিত দরপত্র বাসে, (২) উপ-পুলিশ কমিশনার (অর্থ ও বাজেট), ডিএমপি, ঢাকা অফিস-৩৬ শহীদ ক্যাপ্টেন মনসুর আলী সরদার, ডিএমপি সদর দপ্তর, রমনা, ঢাকা এর অফিস কক্ষে রাখিত দরপত্র বাসে, (৩) পুলিশ সুপার (প্রোগ্রামিং এন্ড টেলিকম), টেলিকম ভবন, রাজারবাগ, ঢাকা এর অফিস কক্ষে রাখিত দরপত্র বাসে।
১৬।	দরপত্র খোলার স্থান	উপ-পুলিশ কমিশনার (লজিস্টিকস এন্ড প্রকিউরমেন্ট) এর কার্যালয়, রাজারবাগ পুলিশ লাইনস, ঢাকা। দরপত্রদাতাদের উপস্থিতিতে (যদি কেহ উপস্থিত থাকেন) দরপত্র খোলা হইবে।
১৭।	কাচের সর্ফিক্স বিবরণ	বিভিন্ন প্রকার বাসায় (Lot by lot basis) দরপত্র দলিল মোতাবেক।
১৮।	দরপত্র কর্তৃপক্ষের নাম	ঢাকা মেট্রোপলিটন পুলিশ, ঢাকা।
১৯।	দরপত্র আহ্বানকারীর পদবী	উপ-পুলিশ কমিশনার (লজিস্টিকস এন্ড প্রকিউরমেন্ট), ডিএমপি, ঢাকা।
২০।	দরপত্র আহ্বানকারীর ঠিকানা	লজিস্টিকস এন্ড প্রকিউরমেন্ট অফিস, রাজারবাগ পুলিশ লাইনস, ঢাকা।
২১।	দরপত্র আহ্বানকারীর ঠিকানা	সিদ্ধিবিধি এইসঙ্গে নিম্ন প্যাকেজ আবেদন করিতে হইবে এবং দরপত্রের সহিত সকল কাগজপত্রের সত্যায়িত অনুলিপি জমা প্রদান করিতে হইবে। ক) নব্যনকৃত সিটি কর্পোরেশন/পৌরসভার ট্রেড লাইসেন্স। খ) হাসপাতাল পর্যন্ত অ্যাক্সেস পরিবেশের সার্টিফিকেট। গ) ডাট রেজিস্ট্রেশন সার্টিফিকেট। ঘ) ব্যাংক সলভেন্সি সার্টিফিকেট/ব্যাংক স্টেটমেন্ট ও অডিট করা সলভেন্সি ইত্যাদি। ঙ) দরপত্রদাতা কর্তৃক উক্ত একক মুদ্রার হিসাবে সংশ্লিষ্ট আইটেমের মোট সম্ভাব্য মূল্যের ১০% Liquid Asset (Working Capital) ব্যাংকে গচ্ছিত আছে এই মর্মে ব্যাংকের প্রত্যয়ন দরপত্রের সহিত জমা প্রদান করিতে হইবে। নিৰ্বাচিত ঠিকাদারগণকে ফ্রেমওয়ার্ক চুক্তির মাধ্যমে মাসামাস সরবরাহ করিতে হইবে। সংশ্লিষ্ট কাজ এক বছরের অভিজ্ঞতা থাকতে হবে।

কোন কারণ দর্শানো ব্যতিরেকে যে কোন দরপত্র গ্রহণ/প্রত্যাহান করার ক্ষমতা অত্র সংস্থা সংরক্ষণ করেন।

উপ-পুলিশ কমিশনার  
লজিস্টিকস এন্ড প্রকিউরমেন্ট  
ঢাকা মেট্রোপলিটন পুলিশ, ঢাকা  
ফোন-৯৩৩০৩৯৮, ফ্যাক্স-৯৩৩০৮৪৬

জিডি-১৬০৯

## Bangladesh: still the first choice for apparel sourcing after China

FROM PAGE B1

Released last week, the report interviewed the chief purchasing officers (CPOs) of retailers from Europe and the US, whose combined sourcing stands at \$70 billion.

Asked to rank their most important future sourcing destinations, the respondents identified Bangladesh, Vietnam, Myanmar, and Ethiopia.

Around 74 percent of the CPOs said they are planning to decrease their sourcing value share from China, where the costs of production have spiralled in recent years for shortage of workers.

They are looking at East African nations of Ethiopia and Kenya as possible alternatives.

Some 40 percent of the buyers indicated that sub-Saharan Africa will become more important to the apparel industry in the next five years, in contrast to 24 percent in the last edition of the survey, which came out in 2013.

Citing Africa as the new Asia for the apparel industry, the survey report said the CPOs on average plan to increase their currently very low levels of sourcing from Sub-Saharan Africa nearly tenfold by 2020 -- from 0.3 percent to 2.8 percent.

"There is extensive potential in Sub-Saharan Africa and it remains untapped. Nevertheless, it is essential to analyse the countries in this region at a granular level," the report said.

Scenarios show that even with exponential growth these countries will remain a small part of the global sourcing map in the next five years, but with investments from all the stakeholders involved, the future potential can be realised, the survey also said.

Of those surveyed, 28 percent expect to start sourcing in Ethiopia by 2020, while 8 percent are planning to increase their sourcing share in the African nation.

For Kenya, the figures are 13 percent and 5 percent respectively. Approximately one-quarter of the companies surveyed said they have sourced from Sub-Saharan Africa in the past 12 months.

"These two countries now have opportunities to boost their share of the global sourcing market," said Achim Berg, a partner of McKinsey & Company, in the report.

While Ethiopia has benefits on the cost side, such as labour and energy costs, Kenya offers higher levels of productivity.

But there are still some hurdles that both countries need to overcome: they must work to ensure social standards and legal security as well as fight corruption, according to Berg.

Currently, Bangladesh is the second largest apparel exporter after China. It has a 5 percent share in the more than \$450 billion global apparel market.

In fiscal 2013-14, the country raked in \$24.50 billion from garment exports, according to Export Promotion Bureau.

"China continues to dominate the sourcing market. Bangladesh, Vietnam, and Myanmar generate less than one-third of China's export value," Berg said.

At present, China accounts for 39 percent, or \$177 billion, of the global clothing exports a year.

"And yet, the trend of seeking out new sourcing destinations continues."

Three-quarters of the CPOs surveyed expressed a desire to shift at least a portion of their production from China to other countries.

In 2011 and 2013, McKinsey carried out similar surveys, where leading CPOs tipped Bangladesh to export \$42 billion worth of garment products by the end of 2020.

But in December last year, the garment manufacturers set out a target to hit \$50 billion in exports by 2021.

## Submarine Cable plans to sell bandwidth to Italian firm at low price

FROM PAGE B1

This will initially be a one-year contract, with an option to renew every year.

The deal will be signed with Bharat Sanchar Nigam Ltd, and BSCCL will be able to earn \$1.2 million (around Tk 9.42 crore) a year from it.

Md Faizur Rahaman Chowdhury, secretary of the post and telecommunication division and chairman of the BSCCL board, said: "If we sell the capacity, the country will

lose ownership and control over the cable."

Bangladesh was connected to SEA-ME-WE-4 in 2006 at a cost of \$63 million; BSCCL earned the amount back in three years and whatever they are earning now is their profit, officials said.

Within two years, BSCCL will connect with SEA-ME-WE-5 and obtain an additional 1,300 Gbps of bandwidth, Hossain added. "We will not have a scarcity of bandwidth then."

## Third panel announced for FBCCI election

### BABOSHAYEE OIKYA PARISHAD (ASSOCIATION GROUP)

CANDIDATES	REPRESENTING ORGANISATION
Syed Moazzam Hossain	Bangladesh Indenting Agents Association
Kazi Ertaza Hassan	Bangladesh Concrete Product and Block Manufacturers Association
Md Shafquat Haider	Bangladesh Association of Call Centre and Outsourcing
Khandaker Ruhul Amin	Four Stroke CNG Auto Rickshaw and Three Wheelers Motorbike Owners' Association of Bangladesh
Mizanur Rahman (Babul)	Bangladesh Steel Mill Owners Association
Md Jamiul Ahmed	Tourism Developers Association of Bangladesh
Md Ali Zaman	Small and Medium Enterprises Owners' Association of Bangladesh
Md Zakir Ahammad	Bangladesh Boutique House Owners Association
Md Abul Ayes Khan	Bangladesh Auto Spare Parts Merchants and Manufacturers Association
Mohammad Moazzem Hossain	Bangladesh Footwear and Footwear Accessories Importers Association
Md Aslam Ali	Bangladesh Sub-Contracting Shilpa Malik Association
MGR Nasir Majumder	Bangladesh Inbound Tour Operators Association
Taher Ahmed Siddiq	Bangladesh Egg Producers Association
Mohammad Ibrahim	Bangladesh Master Stevedores Association
Mohammad Ullah Polash	Bangladesh Acid Merchants Association
Mahmuda Mustakima Rubi	Bangladesh Beauty Parlour Owners Association

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The elected directors, in addition to the 20 nominated directors from 20 leading chambers and associations, will select a president, first vice-president and vice-president on May 25.

Led by the elected president, the 52-member executive committee will run FBCCI for the next two years.

Earlier on Thursday, Nitul Niloy Group Chairman Abdul Matlub Ahmad

announced a panel, under the banner of Unnayan Parishad, from both chamber and association groups.

Ahmad, who has been nominated from the Rajshahi Chamber of Commerce and Industry as a director of FBCCI, will vie for the post of president of the apex trade body.

On Saturday, Monowara Hakim Ali, the incumbent first vice-president of the FBCCI, announced her panel from the chamber group.



Md Moallimul Islam, chief executive of Star Ceramics, opens an exhibition of the company's tiles and sanitary ware, at SM Tower in sector 3 of Uttara, on Saturday. The exhibition, which offers discounts and other offers to patrons, will continue till the end of May.