Juncker says euro at risk if Schengen passport-free travel zone unravels

REUTERS, *Brussels*

European Commission President Jean-Claude Juncker said on Wednesday Europe's single currency will be jeopardised if its Schengen passport-free travel zone unravels due to member states reimposing border controls to keep out refugees.

The 26-member Schengen zone has come under immense pressure since the summer as hundreds of thousands of migrants fleeing war and poverty in the Middle East and Africa stream across the continent's southern frontiers in search of security in Europe.

With Greece in particular struggling to contain the human tide, countries from Hungary in the south to Denmark in the north have put up temporary border controls to stem the flows, making passport-free travel harder than at any time in decades.

Addressing the European Parliament in Strasbourg, Juncker warned that allowing the Schengen system to erode would have political consequences for other European Union projects including the euro single currency.

"If the spirit of Schengen leaves our lands and our hearts, we will lose more than Schengen. A single currency makes no sense if Schengen falls. It is one of the keystones of European construction," he said.

"The Schengen system is partially comatose," Juncker added. "Those who believe in Europe and its values, in its principles and freedoms must try - and try they will - to reanimate the Schengen spirit."

Juncker's statement was primarily political in its significance, since the Schengen zone, which has 22 members from within the EU and four from outside it, is legally distinct from the 19-member euro zone.

However, his warning reflected growing concern at EU headquarters in Brussels that intra-EU tensions over the migrant crisis could herald a broader foundering of the post-World War Two war drive for European unity.

Earlier, German Chancellor Angela Merkel drew parallels between the difficulties faced by the Schengen and euro systems, saying quotas for distributing refugees around the EU were needed as part of "political solutions" to preserve Schengen.

"A distribution of refugees according to economic strength and other conditions ... and the readiness for a permanent distribution mechanism ... will determine whether the Schengen area will hold in the long term," she said.

Australia-led group wins $7b electricity deal over China bid

AFP, *Sydney*

An Australia-led consortium of investment funds from Canada and the Middle East won the bid for electricity transmission network TransGrid Wednesday, beating a Chinese challenger in a deal worth Aus$10 billion (US$7.3 billion).

China's State Grid was considered a frontrunner but the New South Wales state government said the strongest bid belonged to the locally led NSW Electricity Networks consortium.

"The transaction will deliver gross proceeds of Aus$10.258 billion which will help fund a raft of infrastructure projects across the state," NSW Premier Mike Baird said in a statement.

The winning consortium includes Canadian pension fund Caisse de depot et placement du Quebec (CDPQ), the Abu Dhabi Investment Authority's Tawreed Investments Limited, and a wholly owned subsidiary of the Kuwait Investment Authority, Wren House Infrastructure.

The consortium is led by investment fund Hastings as manager of Utilities Trust of Australia, while locally listed Spark Infrastructure, which owns and manages energy assets, is also part of the group. The Chinese bid had generated concerns given TransGrid is a critical piece of national infrastructure underpinning the NSW economy and a key part of the country's electricity market.

State Grid's loss comes just days after national Treasurer Scott Morrison blocked the sale of one of the world's largest cattle estates to foreign entities, ruling it was not in the national interest.

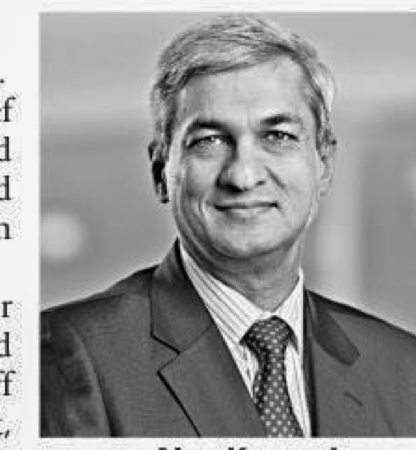
Chinese companies Genius Link Group and Shanghai Pengxin had reportedly been in a bidding war to secure the S. Kidman and Co Ltd. pastoral empire for up to Aus$350 million ahead of that ruling.

MEGHNA BANK

Abdul Alim Khan Salim, vice chairman of Meghna Bank, and Mohammed Nurul Amin, managing director, attend the launch of the bank's subsidiary company on Sunday. The company will trade shares of the bank on Dhaka Stock Exchange.

Senior StanChart official in town

STAR BUSINESS DESK



Ajay Kanwal

Ajay Kanwal, regional chief executive for Asean and South Asia at Standard Chartered bank, is now in Dhaka for a short visit.

He will meet with senior government officials and interact with the bank's staff and clients during the visit, the bank said in a statement yesterday.

Kanwal will be accompanied by Bharat Padmanabhan, regional head of corporate and institutional banking for Asean and South Asia at the bank, according to the statement.

Kanwal was appointed to his current role in early October this year. He also served the bank as its regional chief executive for North East Asia, consisting of Korea, Japan and Mongolia. Kanwal also served the bank's business in Taiwan as chief executive.

He joined Standard Chartered, India in 1992 as senior manager for credit control and collection. He also served the bank as head of business financial services, and head of marketing.

He also serves on the board of Standard Chartered, China, which helps to promote the corridor business between Korea and China. Kanwal is an engineer and also holds a master's degree in marketing management from India.

PUBALI BANK

Md Abdul Halim Chowdhury, managing director of Pubali Bank, attends the inaugural of a workshop on management development programme at the bank's training institute. Niranjan Chandra Gope, principal of Pubali Bank Training Institute, was also present.

BEPZA

Md Abul Kalam Azad, principal secretary of the Prime Minister's Office, hands over a certificate to Mohd Habibur Rahman Khan, executive chairman of Bangladesh Export Processing Zones Authority, at the PMO in Dhaka on Tuesday for successful accomplishment of targets for fiscal 2014-15.

GP aims to digitise people's lives

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"We will identify the entrepreneurs who have good ideas to come on board to share their thoughts and we will give them seed capital. We will give them space within GP House, will mentor them and coach them with our senior executives," Sethi said.

"After the four-month session, we will arrange a Demo Day where we will invite investors from across the globe. The chosen developers can demonstrate their products and ideas to find potential investors."

Through this process, Grameenphone will also have access to fresh blood who can bring digital services to the customers, Sethi said.

On their network standards, he said, "As per global and local regulations, call-drop below 3 percent is tolerable. At Grameenphone, even during peak hours, we have an average call-drop rate of below 1 percent for both 2G and 3G networks. For 3G services, the rate is around 0.33 percent."

All tariff plans of Grameenphone are designed with a maximum of ten second pulses. "So, customers pay according to their call duration."

Asia airlines hit as Turkish jet strike sparks geopolitical fear

AFP, *Hong Kong*

Asian stock markets retreated Wednesday, with airlines taking a hit as dealers fret over increased geopolitical tensions following the downing of a Russian jet by Turkey.

The losses tracked a sell-off in tourism-linked firms in the United States and Europe as already delicate nerves were frayed on trading floors after Turkey shot down the Russian warplane on the Syrian border.

The incident also sent oil prices up on concern about supplies.

While Ankara said it acted after the jet entered its airspace, Russian President Vladimir Putin called it a "stab in the back" and warned of serious consequences. Moscow insists the plane was in Syrian territory.

The incident has ratcheted up tensions between the rival players in the Syrian war, and with NATO backing its member Turkey there are fears the crisis could escalate beyond the Middle East.

"A spreading and escalation in recent terror attacks and now the downing of a Russian warplane by Turkey are raising concerns of the possible unforeseen spillover impacts of Middle East conflicts," Con Williams, a rural economist at ANZ Bank New Zealand, said in a note to clients.

"The accumulation of these events is now beginning to have an influence on global markets," he added, according to Bloomberg News.

Worries about global security and its effect on the economy were already playing on dealers' minds following the Paris attacks this month and the bombing of a Russian passenger plane in Egypt.

The city of Brussels will stay at the highest security threat level for another week over fears of an imminent attack.

On Monday Washington issued a world travel alert, warning Americans of "increased terrorist threats" and saying they should "exercise vigilance when in public places or using transportation".

Airline shares fell in Asia. Sydney-listed Qantas was down 1.6 percent, Cathay Pacific in Hong Kong shed two percent, ANA lost 1.7 percent in Tokyo and Seoul-listed Korean Air Lines was 0.7 percent off.

The losses came after a sell-off in travel firms during New York and European trade. Expedia, TripAdvisor and United Continental sank in the US, while Lufthansa and British Airways's parent IAG fell in Europe.

However, while stock markets in London, Frankfurt and Paris all ended in the red, the uptick in crude helped energy firms push Wall Street to a positive close.

The rally in oil prices caused by the increased tensions also threatened carriers' bottom lines as fuel is one of an airline's biggest costs.

Both US benchmark West Texas Intermediate and European benchmark Brent surged more than a dollar Tuesday. They continued their gains in Asia, with WTI up 0.4 percent and Brent adding 0.3 percent in the afternoon.

Among Asian stock markets, Tokyo, Sydney and Hong Kong were down, but Shanghai ended higher for a second straight day.

The dollar stepped back against emerging-market currencies after a dip in US consumer confidence and despite an upward revision of economic growth.

The South Korean won rose 0.9 percent, Indonesia's rupiah was 0.2 percent up and the Malaysian ringgit jumped 0.9 percent, helped by the uptick in oil prices. The Australian, Singapore and Taiwan dollars also advanced.

Bangladesh offers special economic zone to Spain

FROM PAGE B1

"Our investment policies are really excellent and liberal. The investors can easily repatriate their profits or capital from Bangladesh."

Bangladesh exported goods worth $1.76 billion in fiscal 2014-15, up from $1.61 billion in the previous year, according data from the commerce ministry.

On the other hand, in fiscal 2014-15, Bangladesh imported goods worth $129.7 million, up from $97.6 million in the previous year.

On the second Ticfa meeting held in Washington Monday, Ahmed said there is no reason to keep the trade privilege suspended as Bangladesh has fulfilled "all conditions" attached by the Obama administration.

"I don't see any reason why the US government would not return the GSP status to Bangladesh. The signing of Ticfa is meaningless if GSP is not reinstated for Bangladesh."

On the TPP (Trans-Pacific Partnership) agreement, the minister said Bangladesh is ready to join the US led 12-nation mega deal if they expand membership in future.

Ahmed reiterated that Bangladesh's competitiveness in exports to the US would not be affected by the TPP as the country's trade with America is still competitive despite high tariff rates.

Britain swings austerity axe but drops tax reform

AFP, *London*

Britain took the axe to spending Wednesday, fleshing out plans to slash welfare and eliminate the deficit, but dropped a controversial plan to cut tax credits for the poorest.

The country's Finance Minister George Osborne spelled out his proposals for £12 billion (17 billion euros, $18 billion) of cuts to welfare spending and £20 billion of reductions to public expenditure, while raising £5.0 billion via a crackdown on tax avoidance.

But in a budget update to parliament, Chancellor of the Exchequer Osborne performed a major U-turn to reverse his plans to axe tax credits, which are a state benefit for those on low incomes, following widespread accusations the changes would be harmful.

"I've listened to the concerns. I hear and understand them," he told lawmakers to loud cheers.

"And because I've been able to announce today an improvement in the public finances, the simplest thing to do is not to phase these changes in, but to avoid them altogether."

In recent months, Osborne had faced stiff opposition from even within his own Conservative Party over cuts to welfare and other social spending that some see as too swingeing.

Prime Minister David Cameron's Conservative government suffered a humiliating defeat last month when Britain's upper chamber of parliament the House of Lords rejected plans to cut tax credits.

The opposition Labour Party has also fiercely opposed the tax credit changes under the leadership of new head Jeremy Corbyn.

Elsewhere on Wednesday, Osborne vowed to eliminate Britain's deficit, moving "out of the red and into the black" with a higher-than-expected surplus of £10.1 billion in 2019/2020 -- the end of the current parliament.

"Our job is to rebuild Britain ... so that Britain becomes the most prosperous and secure of all the nations in the world," added Osborne, who is widely seen as a potential successor to Cameron.

"We are committed to running a surplus. We are ready for whatever storms lie ahead," he said.

He stressed that welfare savings totalling £12 billion would be "delivered in full" under the plan.

Osborne sweetened the spending review by announcing an affordable house building programme, amid complaints that demand for Britain's meagre housing stock has priced many properties out the reach of all but the wealthiest.

"I am doubling the housing budget to £2.0 billion a year," he said.

The government would build 400,000 affordable homes in the "biggest house building by any government since 1970s", Osborne added.

US consumers hold wallets tight in Oct

AFP, *Washington*

Americans remained wary consumers in October as spending rose at the slowest pace this year for the second straight month, Commerce Department data showed Wednesday.

Consumer spending, which accounts for about 70 percent of US economic activity, increased 0.1 percent in October, the same gain as in September. The last time spending was so weak was in January, when it fell 0.4 percent amid severe winter weather that pummeled the economy.

But Americans had more money in their pockets last month. Personal income grew 0.4 percent in October, in line with the overall trend of 2015. They tucked it away, pushing the personal saving rate -- savings as a percentage of disposable personal income -- to 5.6 percent from 5.3 percent in September.

"Consumers have been more reluctant than previously reported to spend the windfall that they earned during the early period of falling gasoline prices," said Bernard Yaros of Moody's Analytics.

"The personal saving rate will not dip below 5.0 percent as long as consumers are still keen on stashing away their prior windfalls to guard against potential negative events to their wealth."

Ian Shepherdson of Pantheon Macroeconomics said that consumer spending in October had been held back by a sharp drop in utilities spending due to relatively warm weather, leaving them better-placed for spending in the year-end holiday season when retailers make the lion's share of their annual profits.

"People don't spend the windfall from lower heating bills and falling gas prices immediately, so the combination of these factors and the rebound in incomes... drove the saving rate up to a three-year high of 5.6 percent," Shepherdson said.

"This will prove temporary, and we expect a sharp fall in the saving rate to contribute to strong consumption over the holidays."

Inflation remained tame in October, well below the Federal Reserve's 2.0 percent target for price stability.

Yahoo outlook downgraded by Standard and Poor's

AFP, *Paris*

Rating agency Standard and Poor's said on Wednesday it had cut its credit rating outlook for Internet giant Yahoo, saying revenue growth was likely to be low.

"The negative rating outlook reflects our expectation that Yahoo's operating performance will remain weak over the next 12 months, primarily due to low revenue growth and rising traffic acquisition cost," Standard and Poor's said in a statement.

The move revises downward the agency's previous "stable" rating for Yahoo.

Standard and Poor's warned it could cut its current "BB+" corporate rating for Yahoo "if the company's competitiveness in its display or search advertising businesses continues to decline" and if Yahoo "failed to reverse the negative operating trends affecting EBITDA", a measure of a company's operating performance.

It warned that further "debt-financed, shareholder-oriented initiatives or acquisitions" could also cost Yahoo its current rating.

Standard and Poor's said it could revise Yahoo's outlook back up to stable if the company implements a business plan that would allow it to keep its market share, make more money from its portfolio and stem a decline in operating profits.