

European economy would suffer if free-travel zone collapses: Juncker



European Commission
Commission européenne

REUTERS

European Commission President Jean-Claude Juncker attends a news conference at the European Commission headquarters in Brussels on Friday.

REUTERS, Brussels

EU citizens would have a harder time finding jobs and the economy would suffer should Europe's internal passport-free zone collapse under the pressure of the migration crisis, the head of the bloc's executive said on Friday.

European Commission President Jean-Claude Juncker conceded it would not be easy to curb the mass influx of migrants and refugees, a top priority for Germany -- the 28-nation bloc's biggest economy and the main destination for those arriving.

The migration crisis, Europe's worst since World War Two, exposed bitter disagreements between EU members and has put the Schengen zone of passport-free travel on the verge of collapse, a prospect Juncker set out to warn against.

"Less Schengen means less employment, less economic growth," he told a news conference in Brussels. "Schengen is one of the biggest achievements of the European integration process."

"Without Schengen, without the free movement of

workers, without freedom of European citizens to travel, the euro makes no sense. And the same applies to the link between Schengen, freedom of movement and the internal market."

"If anybody wants to kill off Schengen, then ultimately what they are going to do is do away with the single market as well. And that's going to lead to unemployment issues in Europe."

Juncker said the brake-up of Schengen would also make freight and business travel much more expensive as he urged member states to deliver on measures the bloc has already adopted to mitigate the crisis but largely failed to deliver on.

EU members have traded accusations over who is to blame for the crisis, with Brussels and Germany accusing Italy and Greece of letting too many people in. The southern states lambasted Berlin for an open-door policy that encouraged more arrivals.

Last year, more than one million arrived in the EU. The bloc had little success in creating migrant registration 'hot-spot' sites in Greece and Italy, relocating people who already arrived to other EU countries or getting Turkey to keep more of the migrants and asylum-seekers on its soil.

Juncker said he would not give up seeking a European solution to prevent member states from resorting to national fixes, like reintroducing border controls within Schengen. But he admitted that would continue to be an uphill battle.

"I don't have too many illusions about the year ahead because everything is going to be difficult. But I'm not going to give up. I reject the idea that this is somehow the beginning of an end," he said.

US retail sales fall in Dec

AFP, Washington

US retail sales fell in December to cap the slowest year of growth since 2009, amid persistent downward pressure on prices, the Commerce Department said Friday.

Retail and food service sales fell 0.1 percent in the month, trimming strong gains in November, and for the year showed just 2.1 percent growth.

Falling gasoline prices underpinned some of the weakness, but not all of it.

Booming auto sales, which have propped up total retail figures all year, were flat in December, underscoring the lack of strength in other sectors.

Electronic sales dropped 0.2 percent, the third straight monthly loss, and the food and beverage sector lost 0.3 percent.

Falling gasoline prices underpinned some of the weakness but not all.

"The economy was flat-out weak at the end of last year, and January's financial market chaos does not bode well for a first quarter rebound," said FTN Financial in a client note.

Meanwhile, in another sign of persistent growth weakness, the Labor Department's producer price index fell 0.2 percent in December, for a 12 month fall of 1.0 percent, compared to a 0.9 percent increase in 2014.

India will help bankers lend more: Jaitley

NEW DELHI, Reuters

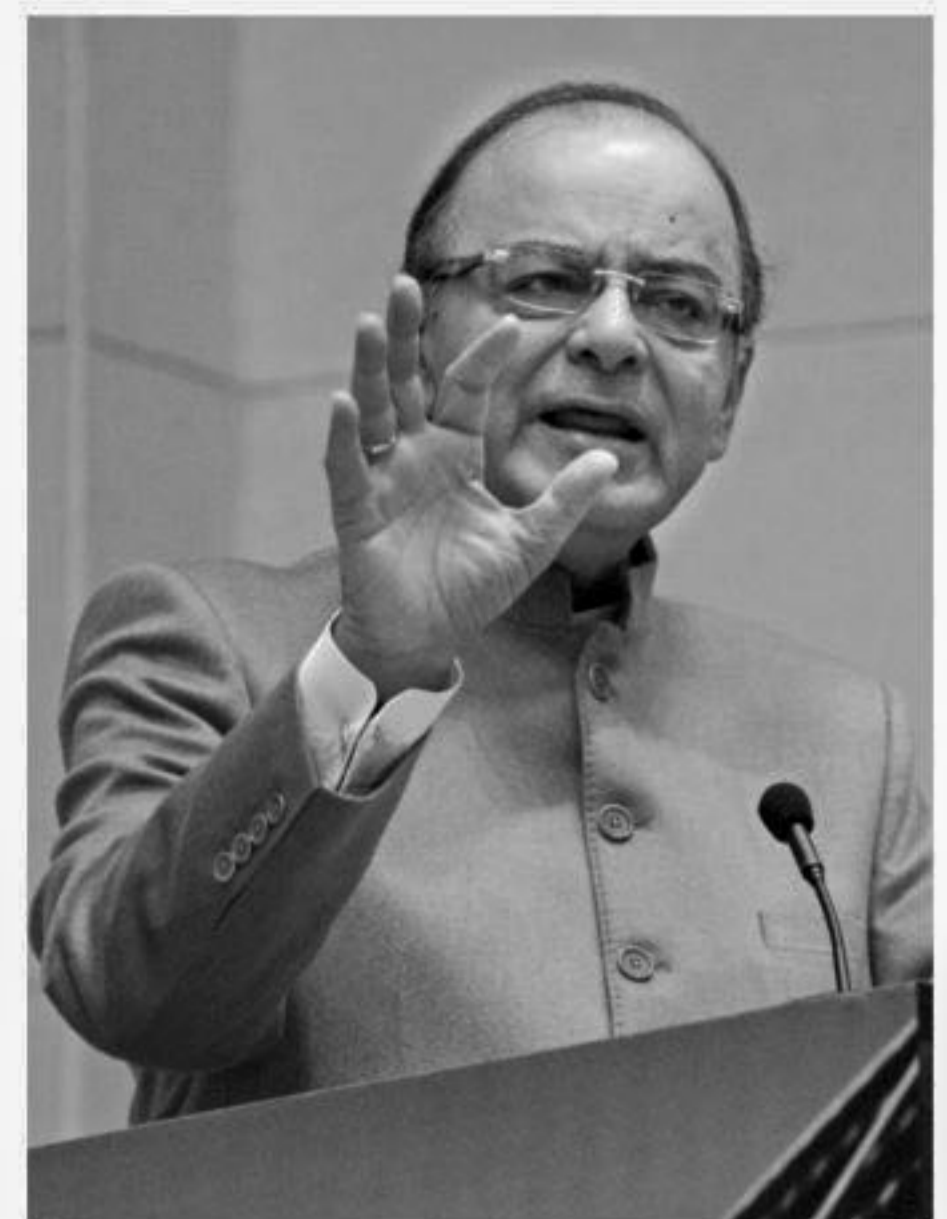
India's government and the country's central bank will over the next few months add to banks' ability to lend, Finance Minister Arun Jaitley said on Saturday, addressing a conference on start-up businesses.

Credit growth is critical to boost India's sluggish economic growth but has remained subdued, with banks struggling with crippling bad debts and insufficient capital.

"The Reserve Bank (of India) and the government, acting in tandem, are going to add to bankers' ability to lend with vigour and in greater amounts," Jaitley said.

He gave no details.

Prime Minister Narendra Modi was scheduled to address the same New Delhi conference, and is expected to announce new policy reforms aimed at simplifying the process of starting and funding new businesses in the country.



Arun Jaitley

Ukraine launches new China trade route bypassing Russia

AFP, Illichivsk, Ukraine

Ukraine on Friday launched the first cargo train to China that will bypass Russia along a new "Silk Road" meant to counter the Kremlin's most stringent trade embargo on Kiev to date. "This is a historic event," Ukrainian Infrastructure Minister Andriy Pyvovarskiy wrote on Facebook.

"Now, Ukraine is not just a potential transit country between the East and West, but one that has finally realised its potential."

An AFP team near the Black Sea port of Odessa saw the first shipment being loaded onto a train that was then moved to a ferry destined for the former Soviet republic of Georgia. The ceremony was attended by top ministers and Odessa governor Mikheil Saakashvili -- the former Georgia president who waged a brief 2008 war with Russia and remains a hated figure in Moscow.

The 10-car and 20-container train will later cross the Caspian Sea and traverse

Azerbaijan and the Central Asian republic of Kazakhstan before reaching China nearly 12 days later. It is partially loaded with iron ore and is due to bring back Chinese building materials and consumer goods.

Russia this month slapped new sanctions on Ukraine in response to its westward-leaning neighbour's decision to enter a much disputed free trade and political association agreement with the European Union.

Moscow's latest bans include transit restrictions on Ukrainian products to other former Soviet republics in Central Asia and the Caucasus.

Prime Minister Arseniy Yatsenyuk said on Wednesday that the Kremlin's most recent steps against Kiev "significantly complicated" Ukraine's trade.

"An absence of several months from these markets would immediately see us lose them for good," Ukrainian Economy Minister Aivaras Abromavicius told reporters during the loading ceremony.

Telefonica eyes AT&T's \$10b Latin American TV assets

REUTERS

Spanish telecommunications company Telefonica SA has expressed interest in buying AT&T Inc's pay TV assets in Latin America, which could be valued at around \$10 billion, according to people familiar with the matter.

AT&T bought the Latin American assets as part of its acquisition of DirecTV last year. The business includes satellite and cable television services in Brazil, Colombia, Venezuela, Argentina and several other countries.

The US telecoms company has yet to decide if it will explore a deal with Telefonica or another company, the people familiar with the matter said.

Other parties are interested in AT&T's assets in specific countries, and the company may choose to run several sale processes, one of the people said. One potential buyer could be Liberty Global Plc, that person added.



UNION BANK

Md Abdul Hamid Miah, managing director of Union Bank, hands over blankets to SK Sur Chowdhury, deputy governor of Bangladesh Bank, for distribution among the poor.

Oil collapse drags on Citigroup, Wells Fargo earnings

AFP, New York

Earnings from US banking giants Citigroup and Wells Fargo showed an increased drag from the oil rout that investors fear will worsen.

Both banks lifted their reserves in case of defaults from energy companies, a sign of how months of low oil prices have pinched clients in the petroleum business.

Highlighting the threat, oil prices sank again on Friday to well below \$30 a barrel for the US benchmark WTI crude, sending shares of oil producers, service companies and refiners sinking.

Citigroup reported fourth-quarter 2015 earnings of \$3.3 billion, nearly 10 times the level in the year-ago period.

Yet shares fell 7.0 percent in midday trade after it said it set aside \$250 million in reserves for the energy portfolio, nearly

equal to the \$280 million the bank's combined reserves for the three quarters of 2015.

The higher reserves "are reflecting our view that oil prices are likely to remain low for a longer period of time," Citigroup chief financial officer John Gerspach said in a conference call analysts.

Gerspach said the bank had set aside about another \$150 million in reserves for "macro concerns," unspecified potential losses that could stem from the negative impact of the oil rout on other sectors, or from other macro problems.

"We haven't seen any real knock-on effects as yet broadly across the rest of the portfolio," he said. "There may be knock-on effects that show up later."

In October, Gerspach said Citigroup had about \$60 billion in overall energy exposure with about two-thirds of that investment-grade risk.

GE to sell appliance business to China's Haier for \$5.4b

AFP, New York

US industrial giant General Electric will sell its appliances business to China's Haier Group for \$5.4 billion, it said Friday, in one of the largest Chinese acquisitions of an American firm yet.

The transaction epitomises the changing nature of the global economy, with a 100-year-old US company selling what was once one of its core units to a Chinese upstart that emerged from a refrigerator factory that was nearly bankrupt 30 years ago.

Haier is seeking to establish itself as a global brand, while China is looking to re-balance its economy more towards consumption and away from the infrastructure and investment-driven model of the past.

The Chinese firm was "committed to growing the business globally", GE chairman and CEO Jeff Immelt said in a statement, calling the agreement "a good deal which will benefit our investors, customers and employees".

GE had previously been due to sell the unit to Swedish rival manufacturer Electrolux for \$3.3 billion, but the deal ran into opposition from US competition authorities.

Haier Group is China's second largest electronics manufacturer, and emerged from the Qingdao Refrigerator Factory, in the eastern port of the same name, which its CEO Zhang Ruimin was appointed to run in the mid-1980s.

Zhang is renowned for his reaction

to a customer complaint, when he examined the firm's warehouse and found 76 fridges out of more than 400 in stock were substandard.

He ordered the personnel to smash them to pieces, personally leading the destruction with a hammer.

"If I allow the 76 fridges to be sold, it would imply that I would allow 760 or even 7,600 such substandard fridges to be produced tomorrow," he was quoted as saying by the official news agency Xinhua.

The tool Zhang wielded is now in a national museum, Xinhua said.

Haier's methods have been studied in business schools including Harvard, but its exact ownership structure remains opaque.

Officially, the group is divided into several units which are collectively owned. It has two quoted subsidiaries, Haier Electronics in Hong Kong and Qingdao Haier in Shanghai -- which is the vehicle for the GE acquisition.

Haier has close ties to the ruling Communist Party, and Zhang is an alternate member of the party's elite central committee.

The deal is the latest major Chinese acquisition of a US company, and comes in the same week that Wanda Group, founded by China's richest man Wang Jianlin, acquired Hollywood studio Legendary Entertainment for \$3.5 billion.

Previous major acquisitions have included 2013's \$7 billion purchase of Smithfield Foods by Shuanghui, and Lenovo buying IBM's PC business for

\$1.75 billion.

Haier says it is the world's biggest large household appliance brand, with a 10.2 percent global market share, and also has businesses in communications, logistics, finance and real estate.

It had a global turnover of 200.7 billion yuan (\$30.47 billion) and total profit of 15 billion yuan in 2014, according to its website, with activities and customers across 100 countries and regions.

Haier bought the white goods operations of Japanese company Sanyo in 2011, the first time a Chinese firm has bought major business segments from a large Japanese manufacturer.

But it had just a one percent share of the US consumer appliance market in 2015, the state-run China Daily cited market analysts Euromonitor as saying.

The GE deal will boost Haier's ambitions of becoming a "world brand".

"The deal will create more diversified and better quality home appliance products for world consumers that better suit their needs," it said in a statement to the Shanghai Stock Exchange on Friday.

Qingdao Haier's shares have been suspended from trading since October pending news of major corporate transactions.

After the Electrolux transaction fell through, a sale to an Asian buyer is seen as more likely to get regulatory approval, reports say, as Asian competitors in the industry generally have lower market shares.



RIVOLI

Abu Saleh, chairman of Unimech Food Factory, launches the company's operations in Gazipur. Josephine Saleh Hussain, managing director, was also present. Unimech will manufacture premium food items of Rivoli brand.

China's economy grew by around 7pc in 2015: premier

REUTERS, Beijing

China's gross domestic product (GDP) totalled more than \$10 trillion in 2015 and the economy grew by around 7 percent, with the services sector accounting for half of GDP, Premier Li Keqiang said on Saturday.

The premier also said that employment had expanded more than expected with 900 million people making up the country's total workforce, including 150 million skilled professionals.

Consumption contributed nearly 60 percent of growth, Li said, at the opening ceremony for the China-backed Asian Infrastructure Investment Bank (AIIB) in Beijing. China's fourth-quarter and full-year 2015 GDP figures are expected to be released on Jan 19.

Analysts polled by Reuters have forecast 2015 growth cooled to 6.9 percent, down from 7.3 percent in 2014 and the slowest pace in a quarter of a century.



IBBL

Mustafa Anwar, chairman of Islami Bank Bangladesh, and Mohammad Abdul Mannan, managing director, attend a business development conference of the bank on Friday.