

German business confidence hits 11-month low

AFP, Frankfurt
The outlook for the German economy, Europe's biggest, clouded over significantly in January as business confidence fell to its lowest level in 11 months, the Ifo economic institute said on Monday.

The Ifo institute's closely-watched business climate index fell by a steeper-than-expected 1.3 points to 107.3 points in January, the lowest level since February 2015, Ifo said in a statement.

Ifo calculates its headline index on the basis of companies' assessments of the current business environment and the outlook for the next six months.

The sub-index measuring current business slipped slightly by 0.3 point to 112.5 points, while the outlook sub-index slumped by 2.2 points to 102.4 points, the institute said.

"Sentiment among German businesses weakened at the beginning of the year," said Ifo chief Hans-Werner Sinn.

"Assessments of the current business situation were scaled back slightly, but remained very good.

Business expectations, by contrast, clouded over significantly," Sinn said, calling the survey "an unpleasant surprise for the German economy".

Analysts had been pencilling in only a modest decline this month to around 108.2 points. "It looks as global events have finally reached German companies' boardrooms," said ING DiBa economist Carsten Brzeski.

"Business expectations in particular have taken a hit from recent market turmoil and probably renewed concerns about a slowing of the Chinese economy," the expert said.

"However, the only marginal drop of the current assessment component indicates that the positive growth momentum is currently still there," he added. "Therefore, there is no need to get overly concerned about German growth, yet."

Capital Economics economist Jonathan Loynes was more sceptical.

The Ifo survey "has brought the strongest signal yet that the recent global economic concerns and associated final market gyrations have started to hit the eurozone's biggest

economy," he said.

"Admittedly, the current conditions index fell by less, suggesting that, for now at least, actual growth in the economy remains reasonably solid," Loynes said.

"Nonetheless, at these levels the Ifo index ... supports our expectation that growth will slow this year rather than accelerate as the consensus expects. And further weakness in the surveys over coming months will clearly intensify the downside risks," Loynes warned. Natixis economist Johannes Gareis disagreed.

"Overall, our scenario for the German economy remains unchanged. German households are benefitting from a very robust labour market, low inflation and low interest rates," he argued.

"However, weak external demand, especially from China and other emerging markets, is leaving its mark on German exporters and manufacturers. Overall, relevant indicators are still consistent with a solid growth performance of the German economy," Gareis insisted.



Akku Chowdhury, managing director of Transcom Foods Ltd, and Bibi Russel, a fashion designer, pose with media personalities at an event in Wari, Dhaka to mark the opening of four outlets of KFC and three outlets of Pizza Hut Delivery in 2015. Transcom now has 18 KFC restaurants, eight Pizza Hut restaurants and seven Pizza Hut Delivery outlets in Bangladesh.

Novo Nordisk ranks first in index of sustainable corporations

STAR BUSINESS DESK

Novo Nordisk has been ranked first among the pharmaceutical companies in the 2016 Global 100 Most Sustainable Corporations Index, released at the World Economic Forum in Davos, Switzerland on Thursday.

Overall, the company ranked 19 in the index that highlights global companies that are most proactive in managing their environmental and social performance as well as corporate governance issues, Novo Nordisk said in a

statement yesterday.

The ranking reflects the company's strong performance on maintaining a balanced CEO-to-average-worker-pay-ratio and improved carbon productivity by decreasing carbon emissions, according to the statement.

Companies named to the Global 100 index are selected from a starting universe of 4,609 listed companies with a market capitalisation greater than \$2 billion, the company said.

"Our focus is on meeting the needs of people living with chronic condi-

tions," said Susanne Stormer, vice president of corporate sustainability at Novo Nordisk.

"To do this we must always consider how our decision may benefit their health and well-being as well as our impact on people, communities and the environment."

"Sustainability for Novo Nordisk is about staying in business for the next generations and our Triple Bottom Line approach is how we think long-term to be a successful business and deliver more value to our customers."



Officials of Ericsson and Robi attend the signing of an agreement for upgrading Robi's network in Chittagong and Comilla regions and deployment of a substantial number of 3G/WCDMA sites in the regions.



Md Rezaul Haque, chairman of Social Islami Bank, opens an "Ez Banking Booth" of the bank at Pran Industrial Park in Narsingdi. Uzma Chowdhury, a director of Pran-RFL Group, was also present. The bank's clients will enjoy 24-hour banking services, including cash withdrawal and deposit, through ATM and CDM machines.

CEO announces major shakeup at Twitter

AFP, San Francisco

Twitter is overhauling its top management said CEO Jack Dorsey, who announced the shakeup Monday as the social network struggles to boost its profitability and prospects for growth. The revamp originally was reported by the Wall Street Journal and tech news website Re/code, before Dorsey confirmed the departure of several senior executives in a tweet sent out early Monday.

Leaving the company are Alex Roetter, head of engineering; product chief Kevin Weil; Katie Stanton, the head of media; and Skip Schipper, Twitter's vice president of human resources.

"I'm forever grateful to @aroetter, @katies, @skipschipper & @kevinweil for everything they've given to Twitter. They are absolutely amazing!" Dorsey wrote at his @jack Twitter account, adding that he was "sad" they are leaving.

Dorsey, in a longer statement, addressed what he called "inaccurate press rumors" about the overhaul, saying the departing executives "have chosen to leave the company."

"All four will be taking some well-deserved time off. I'm personally grateful to each of them for everything they've contributed to Twitter and our purpose in the world," Dorsey wrote. "They are phenomenal people!"

Google to face grilling by UK lawmakers over tax deal

REUTERS, London

A British parliamentary committee will ask Google to testify about a back tax deal under which it will pay 130 million pounds (\$185 million) to settle claims covering a 10-year period -- an amount the opposition Labour party has described as derisory.

Meg Hillier, the Labour party chairwoman of parliament's Public Accounts Committee, tweeted at the weekend she would call Google, now part of holding company Alphabet Inc, and the UK tax authority (HMRC) to explain the "cosy deal".

Google said it was a fair deal and that it complied with all tax rules. HMRC said the deal meant Google "will pay the full tax due in law."

Finance minister George Osborne said the agreement represented a victory for the action the government had taken against corporate tax avoidance.

Prime Minister David Cameron's spokesman described it as "a step forward" but acknowledged there was more to do to ensure companies paid their fair share.

Corporate tax avoidance has prompted anger in recent years among citizens who question whether the burden of paying the cost of combating the financial crisis was evenly shared.

A study conducted by accountants PricewaterhouseCooper for the 100 Group, a lobby body representing around 100 of the biggest UK companies, showed their combined corporation tax bill was half 2010 levels in 2015, despite rising profits.

Businesses say they benefit the exchequer in other ways such as collecting VAT (sales tax) on behalf of the government and employing staff who pay income taxes.

Google's tax deal brings its total UK tax bill over the period to around 200 million pounds.

Japan's 2015 trade deficit narrows on oil price tumble

AFP, Tokyo

Japan's trade deficit narrowed sharply in 2015 as tumbling oil prices took pressure off its soaring post-Fukushima energy import bill, official data showed Monday, while autos led a pick-up in exports.

The deficit decline offered some good news for Prime Minister Shinzo Abe as he struggles to stoke growth and ahead of a test to his leadership in upper house elections this summer.

Stronger demand in some key markets, including the United States, and a sharply weaker yen boosted exports from the world's number three economy, the finance ministry said.

The figures showed Japan recorded its fifth-straight annual trade deficit, but the latest figure narrowed by 78 percent from 2014 to 2.83 trillion yen (\$23.8 billion).

Auto exports surged 10.3 percent from a year ago, while the value of crude oil imports dropped 41.0 percent.

For December alone, the nation saw a trade surplus of 140 billion

yen, returning to the black for the first time in two months.

Japan remains highly dependent on energy imports to power the economy, but a big drop in oil prices over the summer has taken pressure off the cost of its energy needs.

The nation has kept most of its nuclear reactors closed since a tsunami and earthquake triggered meltdowns at the Fukushima plant in 2011.

The accident forced Japan to turn to pricey imported fossil fuels to keep the lights on, leading to a string of big trade deficits.

"The continued weakening in energy prices is exacerbating the fall in import prices," said Marcel Thielliant at research house Capital Economics.

Abe has pushed to restart nuclear plants, backed by Japan's business community, but the public is sharply divided with many opposed to returning to atomic power.

Several reactors have been restarted since the worst atomic accident in a generation.

"The resumption of nuclear power plants had only a very mar-

ginal impact on the 2015 trade statistics," Junko Nishioka, chief economist at Sumitomo Mitsui Banking.

"But if the Abe administration moves forward (on more restarts) in the near term, it would have...further impact toward reducing the trade deficit."

But Nishioka warned that overseas demand, particularly in China, was at risk in the face of a struggling global economy.

"Given the market turmoil, it will likely dampen business confidence," Nishioka added.

Falling oil prices have also depressed oil-related investment in the United States, denting demand for Japanese construction machinery, said Junichi Makino, chief economist at SMBC Nikko Securities.

"Looking forward, automobile demand is expected to stay solid, while a pickup is expected for electronics," Makino added.

"But a downside risk remains with general machinery."

The trade figures come as economists look to next month's release of GDP figures for the final quarter of 2015.

Beef up airport security to get air cargo ban lifted

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"Our foreign ministry has also been lobbying with the Australian government to resolve the issue through discussion," Nasir told The Daily Star.

The garment makers cannot send samples of their goods as per the requirements of the Australian retailers because of the ban.

Australia's Department of Infrastructure and Regional Development banned air cargo from Bangladesh, Syria, Egypt, Yemen and Somalia as a preventive security measure on December 19 last year. The goods include anything heavier than 500 grams.

The ban which will remain in force until further notice is applied equally to cargo carried on passenger and freight aircraft, the department added.

Earlier, BGMEA leaders sat with Australian retailer Kmart, and two other clothing companies—Woolworths and Target—that have outlets in Australia to express their concern and find a solution to the problem.

Australia is a promising destination for Bangladesh as exports from Bangladesh to the country are on the rise with higher demand for the locally-made, cheaper clothing items.

Last fiscal year, Bangladesh exported products worth \$606.88 million to Australia, around 88 percent of which were apparel items, according to the Export Promotion Bureau.

Bangladesh's garment sector now enjoys zero-duty access to Australia.



Md Yeasin Ali, chairman of Bangladesh Development Bank, poses at a programme to distribute blankets among the poor in Kaunia in Rangpur on Sunday. AKM Azad Faruque, manager of Rangpur branch, was also present.

New source of funds for start-ups on cards

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Private equity firms are partnerships, limited liability companies or corporations that pool private investment from individuals, pension funds and endowments and then use that cash to invest in or wholly buy companies.

They also provide valuable guidance all the way to convert the company into a sound and profitable ones.

Moderating the session, Bangladesh Bank Governor Atiur Rahman said the implementation of a business plan is the major challenge.

"It's not the question of funding or availability of fund. The market has enough liquidity and individuals too have funds."

"The problem is implementation and it's the number one challenge for us. We need to really live up to our expectations and we should really implement these," he said.

Adam Sack, principal of IFC Asset Management Company, Singapore, said they are interested in investing in Bangladesh through venture capital and private equity, as they have seen the potential in many sectors such as manufacturing, pharmaceuticals, infrastructure, information technology and social media.

HC gives eight weeks for Robi-Airtel merger decision

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The regulator gave preliminary approval to the merger on September 29 last year with some conditions.

But it dithered in giving the final decision. In the meantime, the BTRC drafted in two professors to conduct market study and gauge the socio-economic implications of the merger.

About the court order, a top BTRC official said six weeks would be enough time to complete the market study, so there would be no need to apply for a time extension from the court.

In another move, the court yesterday voided an appeal from the Consumer Association of Bangladesh, which said the merger would be against customers' best interests.

According to the plan, the merged entity, which will operate under the brand name of Robi, will be 70 percent-owned by Axiata Group, Malaysia's largest carrier.

Bharti Airtel will have 25 percent stakes in the new company. Shares of Japan's NTT DOCOMO in Robi will be diluted to 5 percent from 8.41 percent of Robi now.

As of December 2015, Robi's active subscriber base stood at 2.84 crore and Airtel's at 1.07 crore.

Market leader Grameenphone has 5.66 crore subscribers, according to the BTRC.