

Sri Lanka raises taxes as debt crisis bites

AFP, Colombo

Sri Lanka's government Tuesday announced a slew of emergency tax increases to help combat a debt crisis that has forced it to seek a bailout from the International Monetary Fund.

Prime Minister Ranil Wickremesinghe said the government would raise value added tax, currently between eight percent and 11 percent, to a flat 15 percent with immediate effect.

The premier also said he would suspend a planned lowering of corporate taxes for one year and revive a capital gains tax, abolished in 1987, to take effect from this year.

The moves are aimed at repairing a mounting debt crisis that led ratings agency Fitch to downgrade Sri Lanka's credit rating last week.

In a special statement to parliament, Wickremesinghe blamed the previous government for allowing debt to spiral, saying his ministers had uncovered \$7 billion in loans unaccounted for in the national budget.

"We have to overcome the debt trap of the previous regime," Wickremesinghe said.

"The global downturn has reduced room for restructuring this debt," he said.

The IMF sent a mission to review Sri Lanka's economy in February, saying it had warned the authorities they should make a "stronger effort" to immediately reduce the deficit.

The fund later confirmed the island nation had asked for financial assistance, but did not give details on the value of a potential bailout.

President Maithripala Sirisena's government went on a spending spree after taking power in January 2015 to deliver on election promises of higher wages and lower prices.

But the move increased the country's deficit and sparked concern over balance of payments.

The country last month received pledges of over \$2 billion in loans and equity from the Asian Development Bank over three years.

BMW clocks up record profit in 2015

AFP, Frankfurt

German top-of-the-range carmaker BMW said Wednesday it clocked up record sales and profits in 2015 and would celebrate its centenary this year by increasing its dividend payout to shareholders.

"The BMW group achieved its sixth record-breaking year in succession in 2015, posting new highs to date for sales volumes, revenues and profit, despite a volatile market environment," the carmaker said in a statement.

Net profit rose by 10 percent to 6.4 billion euros (\$7.0 billion) in 2015 and, to mark the group's centenary, BMW planned to pay an increased dividend of 3.20 euros per ordinary share and 3.22 euros per preferred share, the statement said.

For the previous year, shareholders had been paid dividends of 2.90 euros and 2.92 euros respectively.

"We have met all of our ambitious targets for the financial year," said chief executive Harald Krueger, calling the results "another set of impressive figures in BMW's centenary year."

BMW celebrated its 100th birthday earlier this week, throwing a lavish party in its home city of Munich.

Leading its rival Daimler-Benz in units sold, and with giant Volkswagen damaged by the emissions scandal, BMW remains in pole position at the high end of the auto industry and is seen as a symbol of German engineering prowess.

In terms of the total number of vehicles, unit sales were up 6.1 percent at a new record of 2.247 million vehicles worldwide last year.



Atiur Rahman, governor of Bangladesh Bank; Allah Malik Kazmi, change management adviser of Bangladesh Bank, and Muhammad A (Rume) Ali, chief executive officer of Bangladesh International Arbitration Centre, attend a discussion on the need and use of alternate methods of resolving disputes, at the BB head office in Dhaka.

Canon closes in on Toshiba's medical unit after fierce bidding

REUTERS, Tokyo

Toshiba Corp has granted Canon Inc exclusive negotiating rights for its medical equipment unit after a hotly contested auction, with a report putting Canon's offer at more than \$6 billion.

The conglomerate put Toshiba Medical Systems Corp on the block to help fund restructuring after a \$1.3 billion accounting

scandal, attracting a bevy of suitors, particularly Japanese imaging companies seeking to expand beyond cameras to more lucrative products and services.

The second round of bidding, which saw offers go much higher than first estimated, included Fujifilm Holdings Corp, and Konica Minolta Inc which teamed up with European buyout firm Permira, sources familiar with the matter said earlier.



Muhammed Aziz Khan, chairman of Summit Alliance Port (SAPL); Mahmood Malik chief executive of Infrastructure Development Company (IDCOL); Farzana Chowdhury, director of Green Delta Capital; Md Rafiqul Islam, managing director; and Willy Bulsink, senior investment officer of Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden (FMO), pose at the closing ceremony of a financing deal. SAPL has taken a syndicated term loan of \$30.51 million from FMO and IDCOL with Green Delta Capital as the lead arranger.

French central bank cuts Q1 growth forecast

AFP, Paris

France's central bank lowered its first-quarter growth prediction on Wednesday to 0.3 percent from 0.4 percent after several sectors reported a sudden slowdown.

A survey of companies in several sectors found that production and deliveries in the pharmaceutical and machine manufacturing sectors hit a sticky patch in February after several months of rises.

"Production stoppages led to a decline in pharmaceuticals output, while the machinery sector also registered a fall. The automobile and plastics and rubber sectors improved," the bank said in a statement.

It noted that the slowdown in orders from outside France was particularly pronounced.

The figures were announced as protesters across France demonstrated against the Socialist government's attempts to reform labour laws.

China behind global trade slowdown in 2015: World Bank

AFP, Washington

The slump in Chinese growth and its nascent economic transition was the key factor in a sharp slowdown last year in global trade, the World Bank said Wednesday.

Trade, as measured by total merchandise import volumes, rose only 1.7 percent in 2015, down from 3.0 percent in 2014, the Bank said in a new report.

That stall in trade, one of the key drivers of economic growth in recent years, was mostly due to cyclical shifts, especially the downturn in demand growth for commodities in emerging Asia and China.

But behind that slowdown is the beginning of China's transformation from an export-driven economy to one rooted more in domestic consumption.

Trade flows should continue to be volatile over the coming years, the report said, greatly determined by the pace of China's transformation.

"The rebalancing of the Chinese economy will influence trends in world trade. But how the transition happens will affect how much global trade fluctuates in the coming years," it said.

The World Bank also said that the plunge in commodity prices that has ravaged the economies of many exporters is less a problem of lower Chinese imports than of oversupply.

"The fact that commodity exporters are seeing lower commodity prices rather than declining export volumes suggests that enhanced supply is an important factor—though expectations of lower future demand may also be playing a role."

Bangladesh must improve business climate for more growth: StanChart

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The taka appreciated by 7-8 percent against the euro last year, and remained stable against the dollar, he said.

Divya Devesh said Bangladesh is one of the few Asian countries that have registered export growth year-on-year. Also, the collapse in oil prices lowered import costs, and remittance growth put continuous pressure on the appreciation of the taka, he said.

The taka has remained extremely stable against the dollar, even though the dollar rose against most other currencies, he said.

"As a result of that, the taka is now extremely overvalued on a trade weighted basis," he said.

He praised Bangladesh Bank for regular intervention in the market to keep the exchange rate stable and curb further appreciation of taka.

Murray said the dynamics of appreciation of taka might change expecting commodity prices to rally in the second half of the year, taking away some of its appreciation pressure.

Anand said commodity prices rally and slowdown in remittances might have appreciation effects in the coming days, but if the implementation of infrastructure projects picks up, import will widen and create depreciation pressure at the same time.

The Standard Chartered Bank Global Research forecasts that the exchange rate of taka against the dollar would be Tk 79 by the end of June and would rise to Tk 82 by the end of December.

Ananda also said an infrastructure deficit continues to be the key bottleneck for investment in Bangladesh.

"Public investments are happening. However, implementation time is a big issue. We have seen delays," said Anand, adding that the cost escalated by up to 40 percent for implementation delays in the last five years.

He suggested easing the process of doing business to attract increased investment.

Power giant E.ON warns of 'tough' times ahead

AFP, Frankfurt

German power giant E.ON on Wednesday said it booked a 7.0-billion-euro (\$7.7-billion) net loss in 2015 and warned that "the course ahead will be tougher and longer than anticipated."

E.ON, Germany's number one power supplier, said in a statement that massive writedowns on its electricity plants pushed it deep into the red, but at an underlying level, operating profit was "in line with expectations."

"We posted solid operating results in a very difficult market environment," said chief executive Johannes Teyssen.

"Our numbers reflect the far-reaching structural transformation that our industry is experiencing and that continues unabated in the current year.

German power utilities have complained that the country's transition from conventional carbon fuels to greener, cleaner sources of energy is squeezing their margins. The cost of having to close down their nuclear power plants and the heavy subsidies afforded to renewable energy have pushed them deeply into the red, the companies argue.

\$2b Indian credit line opens for Bangladesh

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Separately, Exim Bank is also working on a \$1.6 billion in credit to Bangladesh India Friendship Power Company Ltd, which is setting up the 1,320-megawatt Rampal coal-fired power plant.

The bank is opening a representative office in Bangladesh which will not only help in the implementation of the line of credit but also open different types of avenues for investment and trade between India and Bangladesh. Mejbahuddin said the conditions of the second credit are similar to those of the first.

For example, the size of the import content of the credit line will be 75 percent of the overall procurement in case of goods.

However, in case of public works, the limit has been lowered down to 65 percent from 85 percent of the first one, said Mejbahuddin. "If needed, we will be able to increase our share through negotiations," he said.

He however said Indians who work in the projects will not enjoy tax exemption as well as goods and services to be imported from India would not be duty-free.

As per conditions by Exim Bank, contractors will have to come from India, but they have to win the contracts through competitive bidding, said the senior secretary.

In case of consultancy services, Bangladesh will be able to use the funds if such services are taken from India. But the country will have the

opportunity to take it from countries other than India, but on its own expense, he said.

Mejbahuddin also touched upon the projects being implemented under the first credit line.

Because of some initial hiccups and technical glitches Bangladesh has been able to disburse about 30-35 percent of the first credit line, he said.

"Learning from experience we have identified projects upfront for the second credit line. We are at a very good position to immediately start some of the projects," he said.

All of the 15 projects under the first credit have received financial concurrence of Exim Bank of India. Seven of the projects have been completed and the rest are in differ-

ent stages of implementation, the Indian High Commission said in a statement.

Speaking at the signing ceremony, Shahidul Haque, foreign affairs secretary of Bangladesh, said this is another step toward further strengthening the relationships between the two countries.

"Our relationship has matured not only in the political sphere but also in the development sphere," he said adding that the projects under the credit line would benefit the people of Bangladesh.

At present, Exim Bank of India has about \$29 billion in loan commitments to 63 countries. Abul Kalam Azad, principal secretary of the Prime Minister's Office, also spoke.

Stockmarket lacks vibrancy: Muhith

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"Although I have no investment now, I have relations with the stockmarket as the finance minister," he said.

Since 2010-11, the regulatory regime has been developed such that the Bangladesh stockmarket can be compared with other developed markets, Muhith said.

"But the market is yet to be vibrant."

With the launch of the mobile application, investors now can trade shares without physically being present at a brokerage house and without the involvement of authorised traders.

In addition to buying and selling shares, the app will provide some featured information, including buy or sell alerts, notifications and portfolio status to the investors, which are not easily available on the website or via brokers' services.

An investor, however, will first need to register with the concerned broker and then install the app from the Google Play Store. The app can initially be operated on android devices but will later be upgraded for iOS and other platforms.

The application was developed by FlexTrade Systems, a global leader in broker-neutral trading platforms.

The DSE introduced the mobile app in line with its trading system upgrade process. The DSE upgraded the entire trading system, replacing its 16-year-old technology, in two segments at a total cost of around Tk 35 crore.

Nasdaq OMX, a leading provider of trading and exchange technology, supplied the matching engine, while FlexTrade Systems provided the order management system at the brokers' end.

Earlier in November, the DSE introduced a mobile app styled 'DSE Info' to disseminate market data to investors and other members of the financial community.

The app's features include market and trading statistics in real time, company information, portfolio information and company news. The ICT division and the DSE developed the app jointly.

M Khairul Hossain, chairman of Bangladesh Securities and Exchange Commission, said there is a lack of financial literacy among investors. "We are taking initiatives to increase financial literacy among the investors, and we recently formed two separate committees on the issue."

DSE Managing Director Swapan Kumar Bala and Director Waliul Islam also spoke.



Owners and female officials of Dhaka Regency cut a cake to mark International Women's Day.



Aftab Mahmud Khurshid, group chief marketing officer of Super Star Group, poses at the unveiling of Super Star Lumax and Power Saver CFL series bulbs in new packaging at a programme.



Md Rafiqul Islam, managing director of South Bangla Agriculture and Commerce Bank, and Taqsem A Khan, managing director of Dhaka Water Supply and Sewerage Authority, sign a memorandum at Wasa Bhaban in Karwan Bazar, Dhaka. Wasa customers can now pay their utility bills through SBAC Bank.