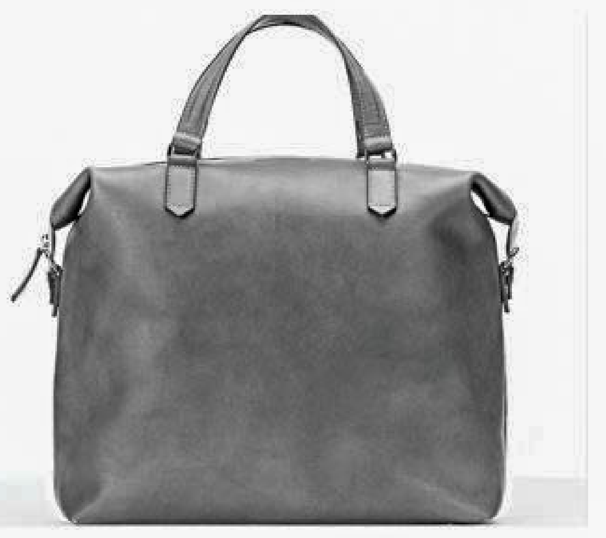
Swedish company launches premium leather products



STAR BUSINESS REPORT

A Swedish company, Sustainably Yours Ltd, has rolled out its leather products brand Sandlund/Hossain in the international markets.

The firm that has operations in Bangladesh aims to establish an environment-friendly leather and leather goods production chain within three years.

Civil Aviation and Tourism Minister Rashed Khan Menon inaugurated the brand at a ceremony at Nordic Club in Dhaka on Wednesday. Johan Frisell and Hanne Fugl Eskjær, ambassadors of Sweden and Demark, were also present at the event, according to a statement.

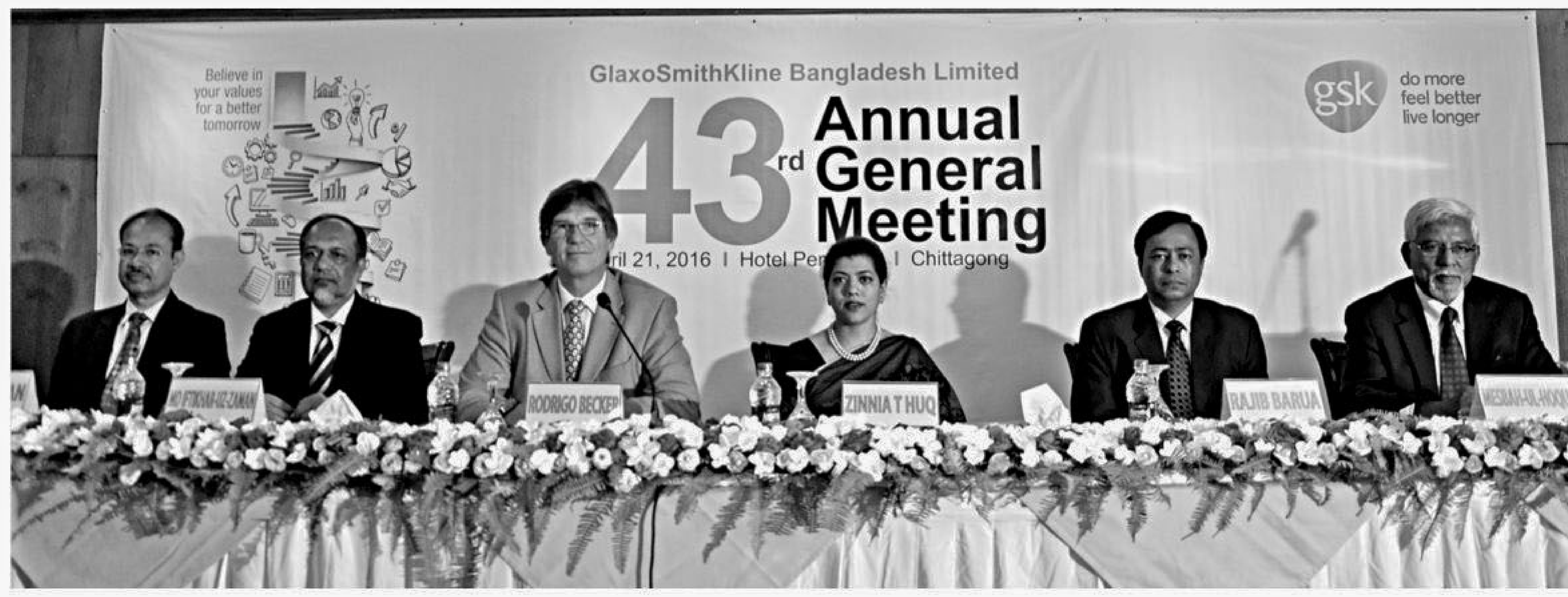
The company founded by Anders Sandlund and Tulin Hossain has 14 employees and runs through its subsidiary in Bangladesh. Sandlund has a background within the premium leather goods industry from his Swedish family business Böle Tannery established in 1899.

He has also been working with different sustainable production ventures in leather goods and home decoration sectors in Bangladesh for the last ten years, employing more than 200 people and supplying some well-known retail brands in Sweden.

Tulin has experience from both the leather manufacturing and leather goods sectors where he has been working for the last thirteen years.

The history of the brand began when Jan and Inger Sandlund came to Bangladesh as volunteers in 1977, and became friends with Atiq and Dolly Hossain.

Their sons Anders and Tulin launched the brand Sandlund/Hossain.



GSK

Rodrigo Becker, chairman of GlaxoSmithKline Bangladesh, presides over the company's 43rd annual general meeting at the Peninsula hotel in Chittagong yesterday. GSK announced final dividends of 550 percent or Tk 55 per share for its shareholders. Zinnia Tanzina Huq, company secretary, was also present.

AMCHAM

Shirin Sharmin Chaudhury, speaker of parliament, attends the luncheon meeting of American Chamber of Commerce in Bangladesh, at Pan Pacific Sonargaon Hotel in Dhaka yesterday. Md Nurul Islam, president of the chamber, and David Meale, charge d'affaires at the US Embassy, were also present.

Japan Inc sees profits holding up despite recent yen strength

REUTERS, *Tokyo*

Most Japan companies expect to maintain or see a small increase in operating profits this financial year, a Reuters poll showed, shrugging off a sharp rise in the yen due to an expected pick-up in consumer spending and business investment.

But the Reuters Corporate Survey also found that companies are against any further expansion of the Bank of Japan's negative interest rate policy, suggesting some disillusionment with Prime Minister Shinzo Abe's efforts to reflate the economy, known as "Abenomics".

Written comments from companies participating in the survey, conducted April 1-15 for Reuters by Nikkei Research, suggest optimism about strengthening demand as well as a rosier outlook for some sectors such as tourism and construction ahead of the 2020 Tokyo Olympics.

"Our customers' manufacturing facilities are old and we expect companies to continue with capital expenditure to replace these facilities," a manager at an electronic equipment maker wrote. "You could say things are looking up."

Thirty-nine percent of companies expect operating profit to be flat in the financial year that started April 1, while 30 percent see a slight rise and another 2 percent see a considerable increase. The remainder sees declines in earnings. Around 510 big and mid-size firms were polled, with managers responding on condition of anonymity. Of the firms surveyed, 245 responded to questions about operating profit.

The outlook comes despite a sharp 10 percent appreciation in the yen this year to around 109 per dollar, near a 17-month high, as investors seek the currency as a safe haven due to worries about falling commodities and China's slowing economy. A stronger yen eats into earnings income for Japan Inc's many exporters.

"We cannot ignore the impact that currency moves have on profits, but compared to a few years ago when the yen was at 70 or 80 per dollar, Japanese companies are more resilient," said Hiroshi Miyazaki, senior economist at Mitsubishi UFJ Morgan Stanley Securities.

The poll was conducted before a series of earthquakes struck over the weekend in Kumamoto, an important manufacturing hub in southern Japan. Some economists say Japan is likely to quickly shake off the impact, as firms are already starting to resume production in the area.

Bank Asia re-elects vice chairmen

Mohd Safwan Choudhury

AM Nurul Islam Anu

STAR BUSINESS DESK

Mohd Safwan Choudhury and AM Nurul Islam Anu have been re-elected as the vice chairmen of Bank Asia, the bank said in a statement.

Choudhury is the managing director of M Ahmed Tea and Lands, Phulbaria Tea Estates, M Ahmed Cold Storage, Premier Dyeing and Calendering and M Ahmed Food and Spices.

He is also a former president of Sylhet Chamber of Commerce and Industry, according to the statement.

Anu is a former teacher of Dhaka University. He was a director of National Bank before joining Bank Asia.

He currently heads Bank Asia's risk management committee. He is also the financial adviser of Opex Group.

Is the world sliding towards a steel trade war?

REUTERS, *London*

"Unless China starts to take timely and concrete actions to reduce its excess production and capacity in industries including steel (...) affected governments - including the United States - will have no alternatives other than trade action to avoid harm to their domestic industries and workers."

Political language doesn't get any blunter than that.

The stark warning came in a joint statement issued by the U.S. Department of Commerce and the U.S. Trade Representative after what appears to have been a non-meeting of minds at multilateral talks in Brussels to address what is rapidly becoming a global steel crisis. And Beijing responded in undiplomatic kind.

"Blaming other countries is always an easy, sure-fire way for politicians to whip up a storm over domestic economic woes, but finger-pointing and protectionism are counterproductive," thundered an editorial from China's official Xinhua news agency on the same day as the Brussels meeting.

Adding apparent insult to perceived injury, Chinese steel mills lifted headline run-rates to record levels in March and exports accelerated again to an annualised 120 million tonnes.

The reasons behind this resurgent production give cause for doubting that China is going to heed calls to discourage what the United States terms "market-distorting policies".

Because this is not just about Beijing's steel policy, it's about a clash of economic ideology. Everyone is feeling the steel pain.

Britain is in a collective hand-wringing mood over the potential disappearance of its once mighty steel production sector. In Germany, more than 40,000 steel workers took to the streets last week to protest over the impact of Chinese exports.

And, make no mistake, China itself is feeling the same pain.

The country's major steel mills made combined losses of 11.4 billion yuan ($1.8 billion) in the first two months of this year, hot on the heels of record financial losses in 2015.

The China Iron & Steel Association (CISA), which issued these figures, is clear about what needs to be done - namely the elimination of more excess capacity.

Beijing agrees. It is targeting the closure of 100-150 million tonnes of capacity at a cost of an estimated 400,000 jobs, a figure that dwarfs the social impact of potential steel closures in Britain, not least because China has no equivalent social security net to mitigate the blow.

The problem, though, is two-fold.

Firstly, that capacity closure figure is only around half CISA's estimate of excess capacity in China's steel sector, which produces as much as the rest of the world combined.

Secondly, the entire Chinese sector has just been thrown a lifeline in the form of rising domestic prices, improved margins and, for the most financially beleaguered producers, a stay of execution.

The collective willingness to grasp that lifeline explains why the country's steel output surged last month.

Resurgent steel prices in China are down to resurgent domestic demand and the filling of a de-stocked supply chain in the country. Mills, in other words, are restarting capacity only because they are being incentivised by "market forces" to do so.

But those "market forces" are directly down to government intervention.

It is now clear that China has unleashed a renewed stimulus package to prop up its slowing economy.

And this stimulus is the same as the last, bigger one used to stave off the impact of the global financial crisis in 2009-2010.

State banks and local governments are once again pumping money into fixed asset investment (FAI). FAI growth accelerated to 10.7 percent in the first three months of this year. Crucially, growth in FAI derived from state entities rocketed to 23.3 percent from 10.9 percent last year.

Combined with micro-stimulus in parts of the property market, this translates into demand for more steel, cement and other building materials.

It's ironic that all of this runs counter to China's official mantra about steering the economy away from FAI towards a more consumer-oriented model.

But in terms of the bigger stakes of economic growth and social stability, FAI remains Beijing's most powerful medicine for economic slowdown.

If that means prolonging the problems of overcapacity in sectors such as steel, so be it.

This is how a centrally planned economy works. Although Beijing superficially embraces free-market concepts, when the going gets tough, the government steps in to shield its population from the potential chaos of unfettered markets.

So when the U.S. Commerce Department calls for a "market-driven" restructuring of the global steel sector "absent the effects of government measures that distort markets", it's missing the point as to how China really works.

The other countries taking part in that failed Brussels meeting have offered China a way back into the talks in the form of cooperation on information-sharing and policies to mitigate the social impact of restructuring the global steel industry.

Whether China picks up that olive branch remains to be seen. The acrimonious language used by both sides doesn't bode well.

The alternative is more trade sanctions. The U.S. statement pointedly added as a footnote that the administration last year started "an historic number of trade remedy proceedings", including $45.5 million of penalties on steel importers.

Further "robust enforcement measures" will proceed in parallel with continued talks.

The problem is that bilateral sanctions don't work in a commodity supply chain such as steel.

Chinese exports hit not just the United States but other big Asian steel producers such as South Korea and Japan, which respond by stepping up exports.

India and Japan have already clashed in the World Trade Organization over the former's move in February to set a floor price for steel imports.

In Australia, where local steel maker Arrium has just gone into administration, the government has already applied 41 anti-dumping measures to imported steel products, including 13 for China and eight for South Korea.

In the steel industry such a proliferation of trade sanctions is commonly known as "whack-a-mole", a reference to the popular game in which the player has to hit a mole that appears randomly from a series of holes.

Starbucks opens first cafe in sub-Saharan Africa

AFP, *Johannesburg*

Hundreds of coffee lovers queued early Thursday in an upmarket Johannesburg shopping centre as international chain Starbucks opened its first cafe in sub-Saharan Africa.

The US-based global brand plans to open 12 to 15 more stores in South Africa over the next two years, with a long term plan of up to 150 outlets.

The cafe's first customers formed a long line at Starbucks' doors in the Rosebank district of the city before the opening at 7:30 am.

"We've been queueing for twelve hours, since 7:30 last night and we wanted to be the first customers at Starbucks, and we were," said 19-year-old student Mohamed Mala.

Another customer, Norma Cooper, described the arrival of the cafe as "long overdue".

"Starbucks has been one of the things missing from the South African scene," said the bank employee.

Orion to set up 635MW coal power plant

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"But there is no reason to be worried about the environmental hazards, as we will use state-of-the-art technology that will cause less pollution."

Most of the developed countries get 50 percent to 70 percent of their electricity from coal-based power plants, he said. Without such plants, it would be difficult to achieve the target of producing 25,000MW of electricity by 2021, he said.

Orion Power will sell electricity to PDB and the Power Grid Company of Bangladesh at Tk 6.69 per kilowatt-hour.

However, given the falling trend in coal prices in the international market, the tariff may come down between Tk 5.86 and Tk 6 per unit.

Orion Power will require 3,800 tonnes to 5,700 tonnes of coal every day in the plant, which is a joint venture between Fujian Long Energy Company of China, Firstgen Energy of the UAE and Orion Power Meghnaghat of Bangladesh.

Poland generates 98 percent of its power from coal-based plants, while countries like China, Germany, Korea and India depend mostly on such plants for electricity, Power Secretary Monowar Islam said at the event. "We want at least half of our electricity from coal-fired plants."

There is no alternative to sustainable power generation for industrialisation and economic development, he said.

BIDS meet on development issues begins tomorrow

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"There are problems in the education sector although we have advanced in terms of quantity. Human resources development warrants special attention," Murshid said.

There should be effective discussions on issues such as trade policies, regional cooperation, democracy, poverty reduction and public private partnership.

BIDS research directors Rushidan Islam Rahman and Kazi Ali Toufique, and senior research fellows Anwara Begum, Mohammad Yunus, Nazneen Ahmed and Monzur Hossain were also present.

UNITED HOSPITAL

Md Rokonuzzaman, finance director of Amann Bangladesh, and Shagufa Anwar, chief of communication and business development of United Hospital, pose at the signing of a deal at the corporate office of Amann Bangladesh in Uttara, Dhaka on Tuesday. Employees and their dependants of Amann Bangladesh will get various discounts at the hospital.

METLIFE

Md Jafar Sadeque Chowdhury, chief distribution officer of MetLife Bangladesh, and Mohammed Tariqul Islam, HR and corporate communication head of Confidence Group, attend an event in Dhaka to sign a group insurance agreement.