

Future of scandal-hit Mitsubishi Motors in doubt -- again

AFP, Tokyo

Sales are falling off a cliff. Its reputation is in tatters. And even its top executive is talking about whether the automaker will survive.

Mitsubishi Motors' future is hanging in the balance for the second time in a decade after a bombshell admission that it has been cheating on fuel-economy tests for years.

The crisis is threatening to put the company into the ditch permanently, but some analysts think the vast web of shareholdings among Japanese firms may just save it from the scrap yard.

"I really think the future of Mitsubishi Motors is grim," said Hideyuki Kobayashi, a business professor at Hitotsubashi University, who authored a book about the company's struggles with an earlier cover-up.

"It would be silly to buy a Mitsubishi car after this (scandal). This isn't the first time this has happened."

In 2005, the maker of the Outlander SUV and Lancer cars was pulled back from the brink of bankruptcy after it was discovered that it covered up vehicle defects that caused fatal accidents.

The vast Mitsubishi group of companies

stepped in with a series of bailouts, saving the embattled firm.

But it is not clear if they would be so willing to help this time around as the automaker faces possibly huge fines, lawsuits and customer compensation costs.

The scandal has shone a light on the cozy relationships between Japanese firms -- including the big equity stakes they hold in each other -- which have come under renewed scrutiny in recent years.

Critics say these mutual investments promote complacency and insulate mediocre management from criticism, while Japan's premier is pushing to unwind this web of investment ties to help improve the country's woeful corporate governance record.

Mitsubishi's president acknowledged this week that his firm's existence was "at risk", but its top shareholder revealed little about its intentions.

"Mitsubishi Motors has come a long way since past problems, so this is very disappointing," said Shunichi Miyayama, head of Mitsubishi Heavy Industries (MHI), which holds over 12 percent of the automaker's shares. "We need to think about the brand image of the Mitsubishi

Group, its social responsibility and accountability for performance."

The under-fire firm will also have to grapple with the likelihood of paying damages to Nissan.

More than half of some 625,000 affected vehicles so far -- all mini-cars sold in Japan -- were produced for Nissan, which uncovered the problems with Mitsubishi's fuel-economy data.

This week, Mitsubishi admitted its faulty testing stretches back a quarter century, longer than first thought, so the odds that cars sold overseas were involved has soared -- along with the potential scope of the crisis.

Unnamed employees also falsified data to make cars look more fuel efficient than they were, it has said.

"We don't have the full picture yet on how the company would compensate" customers, said Seiji Sugiura, a senior auto analyst at Tokai Tokyo Research Institute.

"All Mitsubishi cars on the road right now could be subject to compensation costs, which would be massive."

The company, which sold about one million vehicles globally last year, has the least amount of cash among Japan's major

automakers and lacks the size of rivals such as Toyota and Honda to help weather the storm.

Sales in Japan have dived by nearly half since the scandal broke last week, and the damage to its reputation threatens to hammer its finances.

But "the Mitsubishi brand remains strong in foreign markets, especially in Thailand which has been a significant source of profit for the company. There is also a new factory in Indonesia", Sugiura said.

"There is foundation to build a recovery if the company doesn't get entangled in wrongdoing overseas."

A desperate Mitsubishi may also embrace a foreign suitor if top shareholders abandon it. Taiwan's Foxconn recently snapped up struggling electronics giant Sharp, although foreign takeovers of Japanese firms are rare.

The stakes are high given the Mitsubishi companies' longstanding links, including distribution and product ties, according to Sugiura.

"The group companies also have to protect their own interests," he said.

"Lots of business would be affected in the group if the automaker collapses."

StanChart's high official in Dhaka

STAR BUSINESS DESK

Alex Manson, global head of transaction banking for Standard Chartered Bank, is in Dhaka for a short visit, the bank said in a statement yesterday.

He will meet key clients and senior staff of the bank during the visit, and is accompanied by Feroq Siddiqi, global head of product management for transaction banking at StanChart, according to the statement.

Manson joined Standard Chartered as group head for wholesale banking geographies in 2012, responsible for the bank's regions and network strategy, and took over the current position in 2014.

Manson's previous experience, including that at the Deutsche Bank for 12 years, covers product and client coverage spanning fixed income origination and structuring



Pubali Bank elects new chairman

STAR BUSINESS DESK

Habibur Rahman has been elected as the chairman of Pubali Bank, the bank said in a statement yesterday.

He served as the bank's vice-chairman before taking the new office, it said.

Rahman is a sponsor director of Green Delta Insurance, Delta Hospital and Delta Medical Centre.

Rahman replaces Hafiz Ahmed Mazumder, who retired from the post of chairman and director of bank, but was appointed as adviser to the bank, as approved by Bangladesh Bank.

Fahim Ahmed Faruk Chowdhury was also re-elected as the first vice-chairman, Azizur Rahman as second vice-chairman, and Moniruddin Ahmed as chairman of the executive committee of Pubali Bank, according to the statement.

Rana Laila Hafiz was also elected as a director of the bank at the same time, the bank said.



Oil down 2pc as Opec output hike sparks profit-taking

REUTERS, New York

Oil prices fell about 2 percent on Monday as production from the Organization of the Petroleum Exporting Countries was close to all time peaks and record speculative buying in global benchmark Brent sparked profit-taking on last month's outsized rally.

Opec's crude production climbed in April to 32.64 million barrels per day, close to the highest level in recent history, a Reuters survey showed. Iraq's April exports from southern fields increased, as did seaborne exports from Russia, the biggest exporter outside Opec. Traders also cited a bearish stockpile rise of 821,969 barrels at the Cushing, Oklahoma delivery point for US West Texas Intermediate (WTI) crude futures during the week to April 29.

Brent crude rose 21.5 percent in April, its largest monthly gain in seven years. Speculator bets on higher Brent prices reached all-time peaks last week, while bullish bets on WTI futures and options rose to 10-month highs, feeding investor views prices may have risen too far, too fast.



Kazi Wahidul Alam, editor of the Bangladesh Monitor, poses with winners of the raffle draw held on the entry tickets of the just concluded international tourism fair --Novoair Dhaka Travel Mart 2016-- at a prize distribution ceremony in Dhaka on Thursday.

Al-Arafah Islami Bank elects chairman, vice chairman



Abdus Samad

Mohammed Abdus Salam

STAR BUSINESS DESK

Abdus Samad has been elected as the chairman and Mohammed Abdus Salam as the vice chairman of Al-Arafah Islami Bank, the bank said in a statement.

They were elected at the 291st meeting of the board of directors of the bank on last Wednesday. Samad will continue his responsibilities until the next annual general meeting, it said.

Samad is one of the founder directors of the bank, and vice chairman of S Alam Group. He is also the chairman of S Alam Cold Rolled Steels, and a founder director of Northern General Insurance and Reliance Finance Investments.

Salam is a sponsor shareholder and ex-chairman of Al-Arafah Islami Bank, and the current managing director of Mir Group.

He is also a founder director of Chittagong Metropolitan Chamber of Commerce and Industries, the statement said.

Better skills to produce more jobs in apparel: WB

FROM PAGE B1

Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said: "We have to take into account the productivity factor of workers, if we want to export more."

Moreover, Bangladesh's preferential market access to the US will decrease further once the Trans-Pacific Partnership Agreement comes into effect as Vietnam will get duty-free market access to the American market under the treaty, he said.

In the entire value chain in garment trade, Bangladesh's local value addition is 40 percent while it is 100 percent in India.

So it is difficult to evaluate in gross export value as Bangladesh's value addition is lower than other competing countries, he said.

Skill upgradation, efficiency and increasing productivity of the workers are the major challenges for Bangladesh in the garments business, he said. Rahman suggested the garment factory management should promote women workers to upper levels.

Zaid Bakht, an economist and chairman of Agrani Bank, said Bangladesh's garment sector is at a crossroads for two reasons -- social and environmental compliance and technology upgradation.

Nazneen Ahmed, senior research fellow at BIDS, said a lot of foreign

technical experts are employed in the garment sector due to a lack of skilled workers in the country.

"This is one of the major reasons for higher costs of production in Bangladesh. We should produce skilled workforce for the sector," she said.

"The apparel sector in Bangladesh tells a remarkable story of women's empowerment by significantly increasing female participation in the labour force," said Qimiao Fan, the WB Country Director for Bangladesh, Bhutan and Nepal.

"The apparel industry is extremely important to Bangladesh's economy, accounting for 83 percent of total exports. The potential decrease in Chinese exports presents a huge opportunity for Bangladesh, if it can meet global buyers' requirements for cost, quality, lead time, reliability and compliance with safety standards and other policies."

In Bangladesh, the industry is dominated by local firms, but foreign direct investment played a central role in launching the industry, providing linkages to foreign buyers, technology, and knowledge transfer, the study said.

"Its apparel firms produce large quantities of clothing at low costs, largely due to its low wage rates. Firms mostly specialise in low-value and mid-market price segment apparels -- trousers, knit and woven

shirts, sweaters/sweatshirts -- and have not penetrated the high-end clothing markets so far," according to the study.

Competition is increasing in the global apparel market with buyers moving towards greater consolidation in sourcing decisions and the impending approval of the Trans-Pacific Partnership, said Gladys Lopez-Acevedo, co-author of the report and a lead economist for the World Bank.

"Bangladesh should capitalise on its position as a regional leader and implement policies to improve the quality of its products. Bangladesh should focus on sustaining the creation and expansion of good jobs, bringing more women into the workforce and diversifying its products and end markets to increase skills and value," said Acevedo, who presented the findings at the seminar.

The WB study said Bangladesh has many policy options to increase exports. For improved product quality and diversity, reducing import barriers to manmade fibres is essential.

Bonded warehouses, duty drawback, cash subsidy, and export processing zones could also help. To improve compliance and better safety standards, one potential option could be to encourage the relocation of firms into export processing zones, the study said.

ADB vows to fight money laundering

FROM PAGE B1

Greater attention of global partners and consumers is also helping Bangladesh improve the working conditions, he said.

Meanwhile, the 2016 governors' seminar -- Structural Reforms: Pathways to Sustained Growth -- will examine the factors causing the current global growth slowdown and the reforms needed to address constraints and put the world back on a path towards sustained and inclusive growth, according to the ADB.

Delegates will discuss other topics crucial to the issue of sustainability and inclusiveness such as what is needed to achieve 'green' cities, the finance and technology required to both mitigate and adapt to the impacts of climate change.

The meeting will also highlight the essential role the private sector increasingly

plays in supporting low-income groups, with an awards ceremony to be held for ADB client companies who have developed innovative products and services that have benefited the poor.

Host country, Germany, will showcase its own innovative approaches to sustainable living in a 'City of Sustainability' exhibition with examples of creative cooperation used to resolve urban problems and to make cities more green and livable.

ADB SIGNS DEAL WITH AIIB
Meanwhile, ADB President Nakao and Asian Infrastructure Investment Bank (AIIB) President Liqun Jin signed a memorandum of understanding (MoU) yesterday on the sidelines of the ADB's annual meeting.

The agreement sets the stage for jointly financing projects. The ADB and AIIB are already discussing projects for co-financing

in the road and water sectors. The first of these projects is expected to be Pakistan's M4 highway project, a 64-kilometre stretch of motorway connecting Shorkot to Khanewal in Punjab Province, according to the ADB.

The ADB and AIIB agreed to strengthen cooperation, including co-financing, at the strategic and technical levels on the basis of complementarity, value added, institutional strengths and comparative advantages, and mutual benefit, the MoU said.

"I am very pleased to have this framework of collaboration with a new and strong partner in Asia," said Nakao. "The ADB has been working closely with the AIIB throughout its establishment process. We will further strengthen our cooperation in promoting sustainable growth, reducing

poverty, and combatting climate change in the region."

"I am delighted to take a further step forward in our partnership with the ADB," Jin said. "The AIIB looks forward to deepening our already strong relationship and expanding our collaboration as we seek to address the significant infrastructure financing needs in the Asia region."

Through co-financing, knowledge work, and joint policy dialogue with member countries, the two institutions will work together in the areas including energy, transportation, telecom, rural and agriculture development, water, urban development, and environmental protection.

The two institutions will undertake regular high-level consultations and joint data collection to promote the implementation of the sustainable development goals.

Cargo vessel owners call off strike

FROM PAGE B1

The committee will comprise representatives from vessel owners and workers' associations, the Directorate General of Shipping and other stakeholders, according to Alam.

"I can assure the workers they won't be affected by the decision as their wage will be fixed rationally. This decision has been taken after discussions with owners and workers," Khan told UNB.

Vessel workers started unloading goods yesterday afternoon.

Since April 21, 85 lighter vessels were allotted for lighterage goods from big mother vessels at the outer anchorage of the Chittagong port, according to the Water Transport Cell, the organisation responsible for drawing up schedules for lighter vessel.

But due to the workers' strike they remained idle at different private jetties on the Karnaphuli river.

Many of those vessels have now started for outer anchorage, said WTC Executive Director Mahbub Rashid.

A total of 8.26 lakh tonnes of imported goods remained stranded at 737 lighter vessels at 36 different jetties in Chittagong, Narayanganj, Rupganj, Baghabari, Maoa, Nogarbari, Bhairab, Ghorashal, Bhola and others for last 12 days for being unloaded.

Moreover, 56 mother vessels with around 15 lakh tonnes of goods were waiting at the outer anchorage until yesterday.

Importers have to bear losses amounting \$10,000 to \$15,000 per day for overstay of each of the mother vessel.

New team to probe if BB employees have links to cyber heist

FROM PAGE B1

On March 15, an investigation committee was formed to examine how the cyber breach happened and the reasons for the BB's delay in informing the higher authorities about the heist.

Besides, the committee would examine the possibilities of getting back the stolen money and recommend measures to prevent occurrences of such incidents in future.

On April 20, the committee submitted its interim report to Muhith, with the final report due by the end of this month.

Neither the finance minister nor the investigation committee is yet to divulge anything about the interim report to the media.

The findings of the three-member consultant team will be slotted into the final report, Farashuddin added.

Muhith calls for national food plan

FROM PAGE B1

The finance minister cited the food distribution plan of the tea garden authorities, which all business entities with employee count upward of 500, such as garment factories, can replicate.

The tea garden authorities sell food at a subsidised rate for the workers.

Layek Ali, general secretary of the Bangladesh Auto Major and Husking Mills Association, said the government, experts in the related sector and the millers should sit tighter and formulate a policy so that the farmers can get proper prices for their produce.