



Khurshid Irfan Chowdhury, deputy managing director of Transcom Beverages, hands over car keys to Shahriar Sakib, the winner of Pepsi Emoji Campaign, which will run till May 31.

## Consumers, construction drive German growth

REUTERS, Berlin

Higher consumption and construction propelled German growth to its strongest quarterly rate in two years at the start of 2016, data showed on Tuesday, but risks including weaker trade and a potential British exit from the EU are seen slowing its pace.

The European Central Bank's ultra-low interest rates and the German government's increased spending on migrants were among factors singled out by analysts to explain GDP growth of 0.7 percent in Europe's largest economy in the first quarter.

"The calculation of consumers is pretty simple: If there are no interest rates on the bank account, then let's just fill the shopping bag," VP Bank economist Thomas Gitzel said, adding that companies also increased investment in the first quarter.

A survey by think tank ZEW showed the mood among analysts and investors worsened unexpectedly in May, however, with its economic sentiment index falling to 6.4 points. A separate gauge of current condi-

tions rose to 53.1 points.

"Uncertainties such as a possible Brexit do not allow a more optimistic outlook," ZEW president Achim Wambach said, adding investors had doubts that the economy would continue to grow at the same pace after the surprisingly strong first quarter.

Britons will vote in June 23 referendum on whether to stay in the EU.

Confirming its preliminary reading, the Statistics Office said consumer spending and construction investment contributed 0.2 percentage points each to GDP in the January-March period.

State spending -- including the costs of accommodating and integrating last year's record influx of the more than 1 million migrants -- and company investment in equipment and plants each contributed 0.1 percentage points to growth.

A purchasing managers survey showed on Monday that the private sector accelerated in May to its highest level this year, suggesting the economy will extend its surprisingly strong start into the second quarter.

## Toyota to recall 1.6m more US cars over Takata airbags

AFP, Los Angeles

Toyota said it will recall nearly 1.6 million more vehicles in the United States to correct possible defects in front passenger air bag inflators made by the Japanese company Takata.

The decision, which was announced Monday, was made based on recent information from both Takata and the US National Highway Traffic Safety Administration (NHTSA), Toyota said in a statement.

# More challenges than cheer for Apple chief on Asia tour

REUTERS, Mumbai/Beijing

With slowing iPhone sales in China, Apple Inc is having to take India more seriously, but investors hoping for a stock price fillip from CEO Tim Cook's week-long Asia trip instead were given a taste of the daunting challenges that lie ahead.

The second leg of Cook's trip, to India, the world's third-largest smartphone market, comes at a crucial time as Apple battles slowing growth in China, its second-biggest market. But the challenges suggest it will be years before India is anything close to a major earnings pillar for the U.S. tech giant.

"With China saturating, everybody has no choice but to look at India, and Apple's rivals have been strengthening there in the last two years. Apple is playing catch-up," said Ville-Petteri Ukonaho, a senior analyst at Strategy Analytics.

While the numbers in India suggest huge potential - fewer than two in every 10 of the country's 1.3 billion people have a smartphone - the world's fastest growing major market operates differently to other markets where Apple has enjoyed stellar growth and high margins.

Apple's traditional model is to sell its phones at full price to local telecoms carriers, which then discount them to users in exchange for charging them for data as part of a multi-month contract. Not so in India.

"In India, carriers in general sell virtually no phones and it is out in retail - and retail is many, many different small shops," Cook told analysts recently. "Because smartphones there are low-end, primarily because of the network and the economics, the market potential has not been as great," added Cook, likening India to the Chinese market 7-10 years ago.

In meetings with India's two largest carriers, Bharti Airtel and Vodafone, Cook discussed ways to work more closely to sell iPhones, including whether a contract pricing model



Indian Prime Minister Narendra Modi, right, speaks with Apple CEO Tim Cook as they look at Modi's iPhone during a meeting in New Delhi on May 21.

could work in India. He said Apple sees opportunities to expand in the market as operators roll out 4G services.

"The trip was more about understanding the Indian market, but was also about signaling to the world that Apple has arrived in India," said Vishal Tripathi, research director at Gartner.

Another challenge for Apple is how to be a premium-end player in a low-income market.

"In India, incomes are so low that not many customers appreciate the full value of the Apple ecosystem, and it will take a lot more effort for Apple to sell the Macs and iPads in Indian stores compared to China," said Strategy Analytics' Ukonaho.

India is a more price sensitive market than China, and Apple's relatively expensive iPhones are out of reach to most Indians, who on average live on less than \$3.10 a day according to World Bank data.

With per capita income of \$1,570 as

of 2014 and the average smartphone selling for less than \$90, a third of the global average, India's market growth is predominantly led by cheaper phones. High-end smartphones - costing from \$300 - make up only 6 percent of the market, or just 6 million units, according to Morgan Stanley.

Rebuffed by India's government in its plan to import and sell used, refurbished iPhones, Apple has seen only slow growth in a market dominated by Samsung Electronics and Chinese brands.

That issue was not resolved in talks with Indian Prime Minister Narendra Modi - which a Modi aide called "extremely successful" - and government officials have pressed Apple to set up manufacturing facilities in India, said officials involved in discussions, a move that would create jobs and boost Modi's "Make in India" initiative.

"Now it's for Apple to talk about their plans," the Modi aide said.

## IMF urges France to deepen contested job reforms

AFP, Paris

France's economy is recovering too slowly to attack high unemployment, the International Monetary Fund warned Tuesday, urging the country to go beyond its already hotly contested job market reforms.

French President Francois Hollande's labour reforms, which would make it cheaper to hire and fire employees, are a "necessary step" to bring down the country's near 10-percent unemployment rate, said the IMF's annual review of the economy.

The job market reforms have angered French unions, which are blockading refineries around the country in protest, drying up supplies at petrol stations and forcing many motorists to queue for rationed supplies.

"The economy is recovering, but not at a pace that will bring about the needed reduction in France's high level of unemployment and public debt," said the IMF staff report.

The IMF predicted France's economy would grow by close to 1.5 percent in 2016, in line with government forecasts. That compared with the IMF's previous forecast of a 1.1-percent expansion.

France's job market is not adapted to a changing global economy, the IMF said.

It cited the widespread use of centralised labour agreements; long and uncertain legal cases triggered by dismissals; a "relatively high" minimum wage; "relatively easy access" to jobless and welfare benefits; and a "sizeable" labour tax.

Hardest hit by the effects of this are the

young, low skilled, and immigrants, the Fund said.

France's planned labour market reforms would encourage hiring by making it easier to strike company-level labour agreements and by removing some of the legal uncertainty over dismissals, the IMF said.

The French government controversially forced the labour market legislation through the National Assembly without a vote earlier this month. The legislation still faces a vote in the Senate, the upper house of parliament.

"Important barriers to job creation remain, however," the Fund said.

It called for further steps such as requiring people to make contributions for a longer period before they qualify for jobless benefits and by setting a unified maximum unemployment benefit period of two years.

Moreover, it said, the education and training system had to adapt to the work market's changing needs.

In addition, France has to further control state spending if it is to curb the public deficit, the IMF said. The French deficit dipped to the equivalent of 3.6 of annual economic output in 2015, it said.

Yet on its existing course France would "barely meet" its 2016 target of lowering that deficit figure to 3.0 percent, it said, while failing outright to meet its objective of achieving a structural balance within five years.

Accumulated public debt will peak at 98 of gross domestic product in 2017 and decline only slowly after that, the IMF predicted.



Arif Khan, CEO of IDLC Finance Ltd, attends a workshop jointly organised by IDLC and Euromoney Learning Solutions on mastering project finance, at Le Meridien hotel in Dhaka on Saturday. Edward Bodmer, a financial consultant from the USA, conducted the workshop. The Daily Star was the strategic partner and Le Meridien was the hospitality partner of the event.

## Nokia could cut 10,000-15,000 jobs worldwide: union

REUTERS, Helsinki

Telecom network equipment maker Nokia is likely to cut 10,000 to 15,000 jobs globally as part of a cost-cutting programme following its acquisition of Franco-American rival Alcatel-Lucent, a Finnish union representative said.

Nokia kicked off the programme in April with a target to slash 900 million euros (\$1 billion) of operating costs by 2018, but it has yet to give a figure for how many jobs will be reduced in total.

"We haven't heard any official numbers, but based on the information from our union contacts, I would estimate the global impact of this round would likely be around 10,000 to 15,000 jobs," said Risto Lehtilahti, a trade union shop steward at Nokia's Oulu site.

A Nokia spokeswoman declined comment on the 10,000-15,000 figure.

Nokia employs around 104,000 people worldwide. Last week the company specified its plan for its home country, saying it was cutting around 1,000 Finnish jobs, compared to an initial target of 1,300 jobs.

Nokia has said it is looking to reduce 1,400 positions in Germany. In France, it would cut around 400 jobs but also create 500 research and development posts - in line with a pledge to the French government during the Alcatel negotiations.

The Nokia spokeswoman said the company didn't have any updates for France or Germany, and declined to give details on other countries. Nokia is holding talks with employee representatives in about 30 countries.

The savings plan is partly due to tackle the weak network gear market. Nokia forecast earlier this month that its network sales would fall this year.

## Sony says deadly Japan quakes will shake profit, sales

AFP, Tokyo

Sony said on Tuesday that a pair of deadly quakes in Japan last month would dent its financial results, while the company warned that net profit would fall by nearly half, largely due to a year-earlier gain.

The quakes, which caused major damage in southern Kyushu and claimed dozens of lives, would hit operating profit in the fiscal year to March 2017 by as much as 115 billion yen (\$1.05 billion), Sony said, adding that sales would fall on year.

Major firms including Sony and Toyota

temporarily shuttered factories in the wake of the disaster, hitting production and sales, while costs will also include repairing damaged buildings. "Due to the impact of the 2016 Kumamoto earthquakes, sales (in certain divisions) are expected to be lower than the level anticipated prior to the earthquakes," Sony said.

The announcement came as Sony said it would book a net profit of 80 billion yen this year, down nearly 46 percent from the just-ended fiscal year when it booked a one-time gain from the sale of shares in camera and medical equipment giant Olympus.



Mohammad Mazharul Islam, chairman of Sofel Telecom; Mohammad Riazul Islam, country head of Micromax Infomatics Ltd; and Sakib Arafat, head of business at Sofel Telecom Ltd, attend the launch of an android smartphone—Micromax Q346—at a programme. The set comes with a 1GB RAM and 8GB ROM and bears a price tag of Tk 4,580.



Mohammad Rezaul Haque, chairman of Social Islami Bank, opens the bank's 116th branch at South Beanibazar, Sylhet. Shafiqur Rahman, managing director, was also present.