

# London fears Brexit exodus of bankers, investment



A man comes out of the London Stock Exchange in London.

Will Brexit threaten London's long-booming economy? The British capital fears investors and bankers could flee the city after the shock nationwide vote, threatening its coveted reputation as a global financial hub. Some 60 percent of Londoners voted to stay in the EU in Thursday's historic referendum, but the rest of the country cast their ballots overwhelmingly to leave. And the capital's 8.6 million residents, whose GDP is about the same as that of oil-rich Norway, are anxious about the impact on the city's economy. The fear is that London will no longer be able to claim to serve as the gateway for US and Asian businesses into Europe's vast single market. "Some firms that saw London as a platform for serving the integrated EU market will relocate at least part of their headquarters' functions to other cities within the EU," said Greg Clark of the Brookings Institution. A first bank, US giant JPMorgan which employs around 16,000 staff in the United Kingdom, said Friday that it "may need to make changes to our

Kingdom and make an application to join the EU started partly as a stunt. But it highlighted deep concerns and had by Saturday evening garnered more than 150,000 signatures for a so-called "Lexit". Despite these fears, Clark of the Brookings Institution said that in the end "the total number of net job losses in London may not be high, as corporations will re-organise rather than leave". "London will remain a good location to service global markets," he added. The city, whose GDP grew by 3.3 percent last year against 2.3 percent for the whole country, remains well-placed: it speaks English, the international language of business, as well as being cosmopolitan and culturally rich. London's successful hosting of the 2012 Olympics, which saw huge investment notably in transport infrastructure, burnished its reputation as a global capital. If well-paid bankers and other expatriates flee London for Frankfurt, Paris or Dublin, a whole swathe of the economy which depends on higher spending power will suffer, from luxury real estate agencies to select private schools. The first sector to pay the price might be bricks and mortar. "In our view the decision to leave the EU will be most keenly felt in the London housing market which is fully valued and already facing headwinds," said real estate specialists Hometrack. "History shows that external shocks have led to falls in turnover by as much as 20 percent," it added. That kind of slump could put downward pressure on prices, actually good news finally for many prospective buyers and renters in a city where homes have become increasingly unaffordable, and where prices have been rising by 13 percent a year.

European legal entity structure and the location of some roles". It gave no figures, but chairman and chief executive Jamie Dimon previously said that up to 4,000 jobs could move out of the UK. According to ratings agency Standard and Poor's, a fifth of all global banking activity takes place in London. A haemorrhaging of bankers would hit the city: the financial sector provides one in three jobs, or some 1.25 million. Services overall represent 85 percent of jobs, having completely supplanted manufacturing which historically was the driving force of the capital. "Although we will be outside the EU, it is crucial that we remain part of the single market," pro-EU London Mayor Sadiq Khan said Friday. "It is crucial that London has a voice at the table during those renegotiations," added the Labour mayor, who took over in May from Conservative Boris Johnson -- who went on to spearhead the "Leave" camp. A petition for London to have independence from the United



Md Arif Hossain, marketing manager of Transcom Beverages Ltd; Zaraif Hossain, manager of Transcom Consumer Products Ltd, and Mirajul Huq, CEO of Bagdoom, attend a deal signing ceremony in Dhaka. Bagdoom.com via Pepsi e-store will promote various promotional campaigns of Transcom Consumer Products and Transcom Beverages.

# HSBC to move jobs to Paris if UK leaves single market

HSBC would move up to 1,000 staff from London to Paris if the UK left the single market, following Britain's vote to leave the EU, the BBC understands. The staff who would be relocated would be those who already process payments made in euros for HSBC in Canary Wharf. Thursday's referendum result means the UK will need to renegotiate its trade relationship with the European Union - including whether it remains part of the single market. HSBC has declined to comment. Eurozone leaders have warned that without unrestricted access to the EU, London's big finance firms could move operations outside the UK. The head of the Eurogroup of finance ministers, Jeroen Dijsselbloem, said limited access to the single market would be the "price" of the UK leaving the EU. If

the UK was not in the single market or the European Economic Area (EEA), it would mean the loss of "passporting", which allows banks to operate without restriction in all EEA countries. The EEA comprises the 28 members of the EU, plus Iceland, Liechtenstein and Norway. EEA rules allow those non-EU countries to be part of the EU's single market, as long as they allow full freedom of movement of people. The head of France's central bank, Francois Villeroy de Galhau, also warned that London's banks would lose their "financial passport" outside the single market or EEA. Leave campaigners have dismissed concerns of widespread job losses, saying Britain should focus on developing trade relationships with non-EU countries. Gerard Lyons, a UK economist who backed the Leave camp, said London

would not be displaced as Europe's financial centre. "We have the depth of skills, knowledge and experience that's hard to replicate," said Lyons, an economic advisor to Boris Johnson. "Passporting for finance firms is a negotiable issue" with the EU, he said, particularly as several European banks also use those rules to access the UK. HSBC already has more than 10,000 staff working in Paris. The London-based bank has about 48,000 UK workers across its retail and investment banking operations. A year ago, it said it was planning to cut 8,000 jobs in the UK to reduce costs. Earlier this year, the bank said it would keep its global headquarters in London, following a review. On Friday, sources told the BBC that up to 2,000 jobs at the US investment bank Morgan Stanley could be moved from London to Dublin or Frankfurt.



Officials of Transcom Digital, authorised distributor of Samsung Electronics in Bangladesh, hand over prizes to the first week's winners of 'Grand Invite campaign' for Eid.



Iqbal Ahmed, chairman of NRB Bank, presides over the bank's third annual general meeting at Amari Dhaka hotel yesterday. Zeeshan Hasib, managing director, was also present.

# China touts new bank's greater understanding of developing world

The China-led Asian Infrastructure Investment Bank (AIIB) will be different from institutions like the World Bank because it has a greater understanding of the developing world's needs, officials said on Sunday at its first annual meeting. Chinese President Xi Jinping proposed the bank two years ago and it began operations in January, with 57 founding member countries and \$100 billion in committed capital, which it plans to invest in projects across the region. The AIIB, which intends to invest

\$1.2 billion this year, has said it is aiming to meet international standards of governance, though some members say there is still work to be done. Speaking on the final day of the bank's inaugural annual meeting, Chinese Finance Minister Lou Jiwei said the AIIB needed to establish its niche. "The AIIB needs to establish its comparative advantage relative to existing multilateral development banks like the World Bank," Lou said. "...Compared with the Asian Development Bank, World Bank and other multilateral development banks, the AIIB's advantage lies in its keener understanding of the success-

ful experience and lessons of developing countries' years of development." The AIIB's board approved its first four deals worth \$509 million on Friday, with three projects co-financed with the World Bank, the Asian Development Bank, the United Kingdom Department for International Development and the European Bank for Reconstruction and Development. The co-financed projects are a slum renovation in Indonesia and highway construction in Pakistan and Tajikistan. A power grid upgrade project in Bangladesh will be solely AIIB financed.

# Chinese freighter inaugurates wider Panama Canal

A huge Chinese container ship started making its way through the newly expanded Panama Canal on Sunday in the inaugural trip through the vital waterway. Crowds of thousands gathered alongside the canal cheered as the vessel Cosco Shipping Panama began its journey, entering from the Atlantic en route to the Pacific in a trip due to take a few hours. "It is a historic day for the country," Panamanian President Juan Carlos Varela said. Several heads of state and foreign dignitaries have been invited to a ceremony marking the occasion. The United States -- which built the original canal opened in 1914 that is still in operation alongside the addi-

tions -- will be represented by the wife of US Vice President Jose Biden, Jill Biden, and the US ambassador to Panama. The United States and China are the two most frequent canal users. Its expansion is expected to greatly benefit commercial traffic between North America and Asia. Varela said the ability of the expanded canal "to serve world trade is the most important thing." The expansion work carried out since 2007 -- and delivered two years late at a cost of at least \$5.5 billion -- allows a new generation of much larger ships, known as Neopanamax class vessels, to ply the canal. Neopanamax freighters can carry up to three times the cargo of older and smaller Panamax ships. Cruise ships built to the same dimensions typically double the number of passengers of

the previous iteration. The expansion will also allow Panama to lure massive LNG (liquefied natural gas) tankers for the first time. They represent a lucrative segment of the shipping market whose importance has grown with the development of US exports of natural gas from shale, most of which head to Japan and South Korea. Varela said the first LNG vessel is scheduled to cross the canal next month. He predicts that many more would follow. Panama's plan behind the expansion is to triple the \$1 billion in revenues it currently gets from canal shipping fees. That goal might still be a decade or more away, however, according to officials from the Panama Canal Authority, the autonomous government agency that runs the waterway.



Md Rezaul Haque, chairman of Social Islami Bank, opens the bank's 121st branch in Gazipur. Shafiqur Rahman, managing director, was also present.

Shah Syed Abdul Bari, deputy managing director of National Bank, and Zaki Hasan, chief executive officer of UCEP Bangladesh, sign a deal at a programme. The bank and the nongovernmental organisation initiated a training based employment programme for the people of shaotal tribe in Rajshahi.



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