BURGER KING

Mohammad Aminul Haque, chairman of Bangla Trac Group, and Nadia T Haque, executive director, inaugurate the third outlet of Burger King in Uttara yesterday. Tiffin Box Ltd, a Bangla Trac Group company, is the franchisee of Burger King in Bangladesh.

US acting as global policeman for financial crimes

AFP, *Washington*

Handing out multibillion-dollar fines right and left to domestic and foreign financial giants, the United States has taken on the role of the unforgiving global cop of the business world.

In stark contrast to the relative inertia of white-collar law enforcement in Europe, Washington most recently brought the hammer down on Deutsche Bank and Credit Suisse, which sold junk-filled, mortgage-backed securities ahead of the 2008 financial meltdown.

Deutsche Bank has agreed to a payout of $7.2 billion, while Credit Suisse settled for $5.3 billion to resolve American authorities' allegations and avoid the lengthy headache of a trial.

Instead of dragging financial firms to court, the US has taken them to the cashier.

American giants have not been spared: JP Morgan Chase, Citigroup, Morgan Stanley and Bank of America collectively have shelled out $40 billion to settle cases linked to toxic, crisis-era financial products.

"There's a kind of fundamentalism to US law," said Nicolas Veron, a senior fellow at the Brussels-based think tank Bruegel and the Washington-based Peterson Institute.

"If you break the law, punishment comes down." To be sure, British authorities have taken action over the Libor interest rate manipulation scandal but such retribution remains rare in the rest of Europe.

"It isn't so much a difference in the rules as in the manner in which they are applied. Things are much more severe in the United States," Veron told AFP, adding that European countries "do not dare" punish their national flagship companies.

The American legal framework nevertheless offers the United States the means to extend the long arm of the law well beyond its borders.

In the most recent cases, the United States imposed $2.6 billion in criminal penalties on the Brazilian construction conglomerate Odebrecht - most of which will be paid to Brazil -- and a half billion on the Israeli generic drugmaker Teva Pharmaceutical. Both matters involved corruption occurring outside the United States.

The United States pioneered the prosecution of such foreign bribery cases, adopting the Foreign Corrupt Practices Act in 1977 in the wake of the Watergate scandal, which allows US officials to hunt down corrupt payments abroad when the companies involved are traded on Wall Street or are otherwise exposed to US jurisdiction.

In the decades since, member countries of the Organization for Economic Cooperation and Development have adopted similar laws but do not enforce them with the same vigor or frequency.

Given the means and opportunity to apply its laws "extraterritorially" with such regularity, the United States has become a kind of worldwide anticorruption police force, and buttressed its geopolitical influence.

"There's a real nexus between economics and foreign affairs," said Aaron Klein, head of the center on regulation and markets at the Brookings Institution in Washington.

"The next war is more likely to be fought with bonds than with bombs."

In a different kind of case, Volkswagen's sprawling emissions-cheating scandal also has shown the might of the US legal system and its ability to bring major companies to task.

To compensate drivers and repair damage to the environment, the giant German automaker has agreed to pay out more than $15 billion so far, and doubtless will have to pay more before putting the scandal behind it. But the company still could face criminal charges.

In Europe, authorities have also opened investigations into Volkswagen but by their own admission, the results will be much less spectacular. "In the European Union, the way to damages is more complicated than in the United States," EU Justice Commissioner Vera Jourova said in September.

In the United States, authorities can be supported in their actions by so-called class-action lawsuits brought collectively by groups of private individuals who have been wronged, which can ratchet up pressure on companies. But this option does not exist in Europe.

European authorities meanwhile have not been completely dormant in dealing with major companies. They have opened numerous antitrust investigations and intensified their pursuit of tax avoidance and evasion by multinational companies.

S Korea slashes 2017 GDP forecast, makes plans to shore up consumption

REUTERS, *Sejong, South Korea*

South Korea lowered its growth outlook for next year as it sees weaker domestic demand and waning job growth holding back recovery in Asia's fourth-largest economy.

The government is projecting 2.6 percent economic growth in 2017, down from its earlier estimate of 3 percent, and below the Bank of Korea's 2.8 percent forecast, the finance ministry said on Thursday.

The government predicts the economy to generate fewer jobs as corporate restructuring of the troubled shipping and shipbuilding industries continues. Consumption is expected to grow at a slower rate, while consumers will face faster inflation on rising oil prices.

On global matters, it sees possible trade protectionist policies from the U.S. and increased trade competition with Japan and China as risks to export recovery.

"Our focus is to preserve policy space to respond to uncertainties and risks ahead, as recovery momentum is declining and it's important to make a turnaround well in advance," Lee Ho-seung, director general of the economic policy bureau at the ministry said in an embargoed briefing.

The ministry said it will spend 31 percent of fiscal expenditure within the first quarter of 2017 to counter slowing growth. The government regularly frontloads budget spending in the first half of the year to lend the economy a boost.

The government will also increase policy financing through state-supported banks by 8 trillion won ($6.64 billion) in 2017 to 187 trillion won in total.

To shore up domestic demand, it plans to launch a promotional event for the upcoming Lunar New Year holiday in January and to develop new travel destinations and tour packages inside the country to attract foreign and local tourists.

The government sees inflation at 1.6 percent in 2017, up from 1 percent estimated for this year, and expects about 260,000 jobs to be added, down from 290,000 for this year.

On the plus side, it believes exports have bottomed out, and predicts they will expand 2.9 percent next year.

Turning to current economic conditions, the ministry said the fourth quarter growth has slowed as Samsung Electronics's cancellation of its flagship Galaxy Note 7 smartphone and corporate restructuring across the shipping and shipbuilding industries have stunted growth.

It said if momentum doesn't pick up, it may press the case for a supplementary budget next year as the growth rate slipped from 3.3 percent in 2014 to 2.6 percent in 2015.

Finance Minister Yoo Il-ho said on Dec. 22 the government may consider drafting a supplementary budget if growth next year looks likely to slow to below 2.5 percent.

DHAKA REGENCY

Musleh Uddin Ahmed, chairman of Dhaka Regency Hotel and Resort Ltd, presides over the ninth annual general meeting of the hotel in the capital yesterday. Kabir Reza, managing director, directors and other senior officials were present.

NRBC BANK

Toufique Rahman Chowdhury, vice chairman of NRB Commercial Bank, opens the Mohila Branch (women's branch) of the bank at Dhanmondi in Dhaka on Wednesday. Farasath Ali, chairman of the bank, and Dewan Mujibur Rahman, managing director and CEO, were also present.

Japan's Nomura sees opportunities from Trump's pro-business agenda

REUTERS, *Tokyo*

Nomura Holdings Inc sees opportunities in the pro-business stance of US president-elect Donald Trump, though his protectionist tilt brings uncertainty to the global economy, said the chief of Japan's biggest brokerage and investment bank.

Japanese shares have gained since the New York billionaire's Nov. 8 election, spurred by Wall Street where investors are betting Trump's support of deregulation and infrastructure spending could boost the U.S. economy.

"The market expects business and economy-friendly policies," CEO Koji Nagai told Reuters. "Clients will have to rebalance portfolios, in both Japan and America. That's a chance for us."

Investors shifting funds to riskier assets such as shares would be a boon for Nomura's equity trading arm, while increased business activity will benefit its advisory and equity and bond underwriting divisions, Nagai said.

Nomura earned over half of April-September overseas pretax profit in the Americas, where it is shifting focus to client-oriented services from market-based trading. But Trump has spoken of measures to protect U.S. businesses at the expense of foreign interests, including pulling the U.S. out of the North American Free Trade Agreement and Trans-Pacific Partnership trade pact, and imposing tariffs on some imports.

Any such measures could have a detrimental effect on trade, Nagai said - something likely to limit opportunities for financial firms such as Nomura.

"If the US adopts a protectionist trade policy, it won't have a good impact on the global economy," Nagai said. While it is difficult to gauge the costs of policies that impede cross-border trade and investment, Trump's protectionism could have an adverse impact on Japan's export-heavy economy, a Reuters poll showed this month.

In Europe, Nomura and its peers face the possibility of losing so-called passporting rights that allow them to provide services across the European Union (EU) from bases in Britain following the latter's vote to withdraw from the bloc.

Tata Sons asks Cyrus Mistry to return all "confidential information"

REUTERS

Tata Sons demanded former chairman Cyrus Mistry return all confidential information and documents regarding the company in his possession, in its second legal notice in as many days.

The letter, sent by Tata Sons' lawyers, further demanded that Mistry sign a letter pledging not to disclose any confidential information regarding the company, including to affiliates, relatives and family members.

"We have credible information that you have wrongfully and dishonestly taken movable property being confidential information," said the letter, a copy of which was seen by Reuters.

The notice comes after Tata Sons, the holding firm for the $100 billion Tata conglomerate, on Tuesday accused Mistry of breaching confidentiality rules, and said it would take legal action against him.

Toshiba shares plunge further after loss warning

AFP, *Tokyo*

Toshiba shares plunged by double digits Thursday for a third straight session, as investors dumped the stock on expectations the company will take a massive loss on its US nuclear business.

The troubled company's stock plummeted as much as 25.55 percent at one point -- virtually the maximum fall permitted for the day -- before paring losses to close 16.97 percent down at 258.7 yen.

Over the three days, the company's market value declined by an approximately 781 billion yen ($6.70 billion).

On Tuesday, the troubled conglomerate said that costs linked to the acquisition last year by its US subsidiary of a nuclear service company will possibly come to "several billion US dollars" and cause earnings to take a hit.

The exact figure of the potential write-down is still being worked out, Toshiba President Satoshi Tsunakawa told reporters after the announcement.

He hinted the company may seek support from financial institutions to boost capital, while local media Thursday reported it has begun talking with partner banks about such support.

Toshiba shares closed nearly 12 percent lower on Tuesday after media reports about the potential loss and dived more than 20 percent on Wednesday -- the most they were allowed to fall that day.

"Those who were not be able to sell are selling today," Nobuyuki Fujimoto, senior market analyst at SBI Securities in Tokyo, told AFP on Thursday, referring to the previous day's decline to the daily limit.

But in a possible sign that the worst may be over, selling momentum faded somewhat during the day.

Toshiba's nuclear woes are the latest blow to the once-proud pillar of corporate Japan.

It has been besieged by problems, most notably a profit-padding scandal in which bosses for years systematically pushed subordinates to cover up weak financial results.

In an intensive overhaul, the company has been shedding businesses and announced the sale of its medical devices unit to camera and office equipment maker Canon.

Investors had welcomed the makeover, and shares had climbed 77.3 percent this year through Monday before the string of declines began. They have now reduced the gain for the year to just 3.5 percent.

Toshiba said the possible loss was related to the valuation of the purchase by subsidiary Westinghouse Electric of the nuclear construction and services business of Chicago Bridge & Iron.

Analysts have said uncertainty over the exact amount of the possible write-down was fuelling investor anxiety.

After the market closed Wednesday, Standard & Poor's cut two of Toshiba's credit and debt ratings by one notch each in response to the company's announcement. S&P also placed the ratings on watch, suggesting they could be downgraded further, while a domestic agency also cut its rating.

SMBC Nikko Securities' credit analysts Yutaka Ban and Kentaro Harada said in a report issued Thursday that the cut by Tokyo-based Rating and Investment Information in particular will "make it difficult" to raise cash through corporate bonds and other means.