

Samsung Group to disband its corporate strategy office

REUTERS, Seoul

Samsung Group said it will disband its corporate strategy office after a special prosecution probe ends, setting a timeline on a pledge to wind up a power center that has been criticized for its role in South Korea's graft scandal.

The strategy office, comprising some 200 elite staff hand-picked from affiliates of the nation's top conglomerate, is the vehicle through which the founding Lee family makes key decisions such as restructuring and investments for new businesses, insiders and analysts say.

It has been under intense scrutiny as the South Korean special prosecutor's office probed the smartphones-to-biopharmaceuticals business empire as part of a wider investigation into the scandal that threatens to permanently unseat President Park Geun-hye.

Special prosecution has classified Jay Y Lee, third-generation leader of Samsung Group, and head of the corporate strategy office Choi Gee-sung as suspects in its bribery investigation on suspicions that Samsung paid money to organizations linked to Park's confi-

dant, Choi Soon-sil, to pave the way for a 2015 merger of two affiliates.

Other executives from the strategy office have also been questioned by investigators on suspicions the office was involved in the lobbying process on the merger deal, heaping pressure for its closure.

"Action will be taken following the conclusion of the special prosecutor's investigation," Samsung said in a brief statement, adding that preparations are already underway.

Lee, who assumed leadership of Samsung after his father Lee Kun-hee was incapacitated by a May 2014 heart attack, said in a December parliament hearing over the graft scandal that he plans to disband the office but did not give a specific timeline. The special prosecution's investigation is currently set to conclude by Feb. 28 but it said separately on Monday it is considering seeking a 30-day extension.

Known informally as the "control tower", Samsung's corporate strategy office is the nerve center of the \$239 billion business empire since the office was created in December 2010.

The office does not exist as a legal

entity and its executives and employees are technically on the payroll of affiliates such as flagship Samsung Electronics Co Ltd.

The corporate strategy office is the latest iteration of a Samsung control tower. Its predecessor, the strategic planning office, was dismantled in 2008 after executives at the office were investigated on allegations of helping Samsung Electronics chairman Lee Kun-hee set up slush funds by using fake accounts.

Samsung on Monday declined to comment on how the conglomerate plans to perform the functions of the strategy office after it is disbanded.

Park Ju-gun, head of corporate analysis firm CEO Score, said the conglomerate still needs a way to coordinate group-level affairs and maximize synergies among Samsung companies.

He said Samsung will likely re-create an office similar to the corporate strategy office in the future, albeit with reduced responsibilities in terms of protecting the Lee family's interests.

"The control tower can exist if it can operate in a transparent an open manner," he said.

Oil slips further below \$57

REUTERS, London

Oil slipped further below \$57 barrel on Monday as a stronger dollar and ample US supplies outweighed Opec output curbs and rising tensions between the United States and Iran.

The dollar fell 0.3 percent versus a basket of currencies. US energy companies added oil rigs for a 13th week in 14, data showed on Friday, and US crude inventories rose by more than expected last week.

Brent crude was trading at \$56.56 a barrel by 1402 GMT, down 25 cents, having touched an intra-day high of \$57.13. U.S. crude was down 13 cents at \$53.70.

"It's most likely the stronger US dollar," said Commerzbank analyst Carsten Fritsch of the reason for the dip in oil. A stronger dollar makes crude more expensive for other currency holders and usually weighs on the oil market.



Prime Bank Chairman Azam J Chowdhury attends a workshop on "Leading service excellence" for the managers and manager operations of the bank, on Saturday.

Senior Citi official in town

STAR BUSINESS DESK

James Morrow, sub-cluster head for Bangladesh and Sri Lanka at Citi, arrived in Dhaka on Sunday.

During his visit, Morrow is scheduled to meet with the senior officials of Bangladesh Bank, the government and key clients.

He will also review Citi's potential for further growth in Bangladesh, the bank said in a statement yesterday.

Morrow has served Citi's institutional



James Morrow

businesses and numerous functions in different senior roles in 10 countries in the last 38 years.

He has also been the Citi country officer in Sweden and Morocco, global electronics industry head, market manager for corporate banking at Citibank Japan and chief risk officer at Citibank Korea. From 2010 to 2016, he served Citi affiliate China Guangfa Bank in Guangzhou, China as deputy president and chief risk officer.



Square Toiletries Ltd's Managing Director Anjan Chowdhury attends the annual sales conference for 2017 of the company at Hotel Sea Palace in Cox's Bazar on February 1.

Siemens completes key test of 3D-printed gas-turbine blades

REUTERS

German engineering group Siemens has run a successful test of power generation gas turbine blades produced wholly by metal-based 3D printing by UK-based Materials Solutions, which it bought last year.

Siemens said on Monday it was the first to test such blades under full-load engine conditions at 13,000 revolutions per minutes and temperatures above 1,250 Celsius (2,282 Fahrenheit). It called the test a "breakthrough".

3D printing, also called additive manufacturing, involves making a

three-dimensional object by adding ultra-thin layers of material one by one, following a digital design, in contrast to conventional manufacturing, where excess material is cut away.

"This is a breakthrough success for the use of additive manufacturing in the power generation field, which is one of the most challenging applications for this technology," Willi Meixner, head of Siemens' Power and Gas division, said.

Siemens' U.S. rival General Electric bought two 3D printing firms last year for over \$1 billion and introduced its first 3D-printed aircraft engine component into service last July.

"Technology is moving rapidly. All vendors across the supply chain need to be on their toes," capital goods analyst James Stettler of Barclays said.

A Siemens spokesman did not estimate how long it would take for 3D-printed gas turbine blades to go into commercial production but said the technology reduced the design-to-testing time to two months from two years.

The blades in the Siemens test were made from a powder of high-performing polycrystalline nickel superalloy. The 3D technology made possible a new design with improved internal cooling geometry.

Czech employers call for more foreign skilled workers

REUTERS, Prague

Leading Czech corporate lobby groups urged the government on Monday to relax rules for bringing in foreign workers, in particular from Ukraine, and speed up bureaucracy to ease a shortfall of qualified workers.

The Czech Republic has the lowest unemployment rate in the European Union but the lobbyists' demand has set them on a collision course with trade unions who say wages should be increased to bring local workers back into the labour market.

"The labour market is not offering enough qualified workers, neither among the unemployed or graduates, and therefore employers have to look abroad," The Union of Employers, the Chamber of Commerce and the Confederation of Industry said in a joint letter to Prime Minister Bohuslav Sobotka.

Manufacturing is a key driver of economic growth in the Czech Republic, with foreign-owned firms feeding into multinational supply chains in the auto, machinery and electronics industries.

Unemployment in the country of 10.6 million fell to 5.2 percent in December, with the number of job vacancies rising to 132,000 compared with 360,000 people out of work. A Czech government programme fast-tracks work visas for up to 3,800 Ukrainian workers per year. But companies say this is too few, and complain that the visa process takes too long.

"If an employer files a request today, the perspective worker will be given a (visa) interview in August," said Jan Wiesner, president of the Confederation of Employers. "It is just unthinkable that an employer should wait eight months for a worker to be cleared." The groups called for double the number of Ukrainian workers to be allowed access to the fast-track work visa procedure.

Labour costs are vastly cheaper in the Czech Republic than in neighbouring Germany, with the average gross monthly wage at 27,220 crowns (\$1,082.22) in the third quarter of last year.

Australia's home market boom may be starting to crumble as buyers hold back

REUTERS, Sydney

After a long pause, the auctioneer commissioned to sell a northern Sydney beach-side apartment for in excess of A\$800,000 (\$614,391) puts his gavel away, unable to entice a single bid.

Across town, in the city's trendy inner western suburbs, the owner of a warehouse converted into a three-level home drops his reserve price for the property's sale. There are just two potential buyers at the auction, and they have declined to enter the kind of bidding war that has caused home prices in Australia's two biggest cities, Sydney and Melbourne, to double since 2009.

The auction stand-offs may indicate that the Sydney market, which has been defined by researcher Demographia as the second most unaffordable in the world after Hong Kong, has finally hit a peak. As the buyers have drifted off, the sellers have also started to back away and the number of home listings is down 25 percent from a year ago, according to CoreLogic RP Data.

This is all yet to show up in a decline in prices in Australia. In the nation's eight biggest cities, home prices surged a further 0.7 pct in January even as the volume of transactions was lower. But some real estate experts and hedge fund investors say

that it may be only a matter of time before prices also start to crumble.

A sharp correction would heap stress on those who have paid a high price to enter the big east coast property markets, while damaging the country's financial institutions as home loans account for up to 60 percent of the major banks' total loan books. The property sector is also a major employer and generator of demand, a particularly important pillar of the economy during a subdued period for the mining sector.

One big concern is the drop off in the number of Chinese buyers, following a crackdown by Beijing on capital outflows and Australia's tightened restrictions on lending to foreigners. Individuals taking the maximum \$50,000 a year out of China now have to commit to not spending it on real estate and risk being investigated by the Chinese authorities if they break that pledge.

And the impact isn't only being felt in Australia. In Canada's Vancouver, which has been a big target market for Chinese buyers for some years, the number of transactions dropped 40 percent last month, compared to the same month a year earlier.

A sudden increase in the number of sales agents splitting off from the big realtors to set up their own firms, and the arrival of new online players, is being seen by some in the industry

as a contrarian signal of an overheated market.

"It's that classic top-of-the-market mindset," said property valuer Gavin Hegney, from Gavin Hegney Property. "I'm making money hand over fist, I could do this myself."

Hong Kong-based hedge fund manager Apt Capital Management has shorted Australian banks because of their exposure to a property market it believes is out of step with Australia's economic strength. It is forecasting a severe correction.

Apt Capital strategist Amy Reynolds said interest rate rises or a drying up of foreign investment were the most likely triggers for a future downturn in prices.

"Our models indicate that house prices would need to fall by around 30 pct to come back into line with Australia's economic fundamentals and their own long-term averages," Reynolds said.

Esther Yong, director at Chinese language property portal AC Advertising, said the curbs on lending to foreigners and Beijing's restrictions had quelled interest, leaving only the most committed buyers.

"It's been very slow for the last two to three months," Yong told Reuters.

She said numbers on Chinese property tours - on which part of a holiday is dedicated to looking at property - are half what they were a year ago.

BlackBerry eyes Bangladesh for expansion

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At present, BlackBerry-branded handsets are available in Bangladesh through popular resellers.

"As Bangladesh is a huge market it was natural that BlackBerry would look to enter Bangladesh via India," Alam added.

At present, about 22 lakh handsets are imported every month, most of which are from China.

Mechanised farming gets a boost

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The government initiated the second phase of the project in July 2013 by allocating a further Tk 172 crore. In February 2015, it revised upwards the allocation and the ratio of subsidy to Tk 248 crore and 30 percent respectively.

So far, Tk 115 crore has been spent from the project, with which 11,000 power tillers, 1,200 power threshers, 500 reapers and 25 combine harvesters were purchased.

The hike in subsidy is necessary as the prices of the agricultural machineries are still high for growers, he said. For instance, a combine harvester costs Tk 7-10 lakh and a rice transplanter Tk 4 lakh.

The project, which is scheduled to end in June 2019, also aims to conduct two censuses on agricultural machinery, and construct a lab to test the quality of the agricultural machinery.

It is also expected to create facility for mechanic training, construct sheds for machines and procure 1,500 farm machineries to provide rental services, according to the proposal.



Syed Alamgir, executive director of ACI Ltd and director of Tetley ACI Bangladesh Ltd (TABL), and Sanjay Mohhta, managing director of TABL, attend the launch of Tata Tea Premium Leaf for the Bangladesh market at a programme.

DCCI demands tax cards for all

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The chamber placed the demands at a meeting with the high-ups of the National Board of Revenue at the NBR's headquarters in Dhaka.

NBR Chairman Md Nojibur Rahman said the DCCI's proposal would be placed to the finance minister for consideration.

The DCCI said it supports the online VAT payment system and the introduction of modern method of tax collection.

The chamber also reiterated its demand for fixing the VAT rate at 7 percent from the existing 15 percent under the VAT and Supplementary Duty Act 2012.

Nojibur Rahman suggested businesses take preparation for the new VAT law as the government will start implementing the new act from July 1 this year.

The DCCI said a simplified VAT assessment and payment system with rationally reduced rate is needed to make businesses more competitive.

Khan demanded raising the VAT-free annual turnover limit to Tk 50 lakh for small traders from the existing Tk 30 lakh under the new VAT law.

The trade body also called for enhancing the turnover tax limit to Tk 1.20 crore a year from the existing Tk 80 lakh.

The chamber urged the government to provide electronic cash registers and point of sales machines to traders free of cost to encourage them to carry out their transactions digitally.

It also recommended the revenue authority take steps to create awareness so people can understand the VAT and tax related laws easily.

The DCCI president suggested the NBR introduce VAT smart cards to encourage businesses to comply with the VAT rules and pay taxes properly.

EBL to borrow \$40m from Germany, Netherlands

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Among the local lenders, EBL is the highest recipient of foreign currency loans, with its current foreign currency portfolio being in the neighbourhood of \$300 million.

"The bank stands out as an entrepreneurial, innovative bank that puts clients first and we consider them to lead the financial sector in Bangladesh in many ways," said Linda Broekhuizen, chief investment officer of FMO.

EBL has, however, declined to disclose the interest rate of the loan.

"We have obtained the loan at a lower rate than other banks in Bangladesh," said a senior official of EBL.

But industry insiders said this type of loans cost less than 5 percent and the repayment period is 5-6 years.

Iftekhar; Rena Terfruechte, director of financial institutions for Europe-Asia of DEG; and Dave Smit, senior investment officer of FMO, signed the agreements on behalf of their respective organisations at an event held at the EBL headquarters in Dhaka.

Ahmed Shaheen, deputy managing director of EBL, and senior executives of DEG and FMO were present on the occasion.