

## Canada picks Singapore for Asia gateway as TPP flounders

REUTERS, Singapore

Canada's trade finance agency is launching its first global branch in Singapore as the country steps up efforts to boost business ties with Asia following the withdrawal of the United States from the Trans-Pacific Partnership (TPP) trade deal.

Export Development Canada's branch will allow the agency to facilitate structured finance and corporate finance in local currencies, rather than Canadian dollars, while avoiding delays caused by the time difference, its regional vice-president Bill Brown told Reuters.

The TPP, which originally covered some 40 percent of global gross domestic product, was effectively torpedoed in its current form when President Donald Trump withdrew the United States from the agreement in January. The deal included Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam.

"Canada's largest trading partner is the US but the fastest growing economies are in this part of the world," Brown said. "The base case for putting this branch here remains very strong regardless of whether there's a TPP or not."

EDC aims to facilitate transactions between Canadian and Asian businesses worth 3.5-4 billion Canadian dollars (\$2.7-\$3.00 billion) annually for the next four years.

# Businesses cursed by 'devil's waters' of S Korea ferry sinking

AFP, Jindo, South Korea

When South Korea's Sewol ferry sank three years ago killing more than 300 people, it also devastated businesses close to the wreck site. Now owners hope its salvage will herald a change in their fortunes.

The ship went down in an archipelago off southwestern South Korea, whose 1,700 islands make up the Dadohaeasang national park, the country's largest.

Rocky outcrops dot the waters, while bigger ones offer beautiful beaches, hiking trails, and accommodation with scenic ocean views, along with temples and seasonal festivals.

At a harbour on the southern side of Jindo, the closest large island to the wreck, motorboats used to be chartered for marine trips by fishermen and tourists.

Now they lie tied to the dock and their owners sit idle nearby. Business was down by half, said captain Park Tae-Il, as anglers -- his main clients -- avoided the area.

"Fishermen call it the devil's water," he said. "The atmosphere is cold because so many young lives were lost." The sinking is one of South Korea's worst-ever maritime accidents, and almost all the victims were schoolchildren.

It was hugely controversial and investigations concluded it was largely man-made -- the cumulative result of an illegal redesign, an overloaded cargo bay, inexperienced crew and a questionable relationship between the ship operators and state regulators.

Now more visitors than ever before come to Jindo, said local official Choi Min-Woo -- over 100 every weekend.

But instead of staying in the area,



A fisherman offloads nets from a truck at a small fishing port adjacent to Paengmok harbour on South Korea's southern island of Jindo.

they pay their respects to the dead at a shrine in Paengmok, placing white chrysanthemums before a wall covered in pictures of dead children, and leave.

"They are on their way to another tourist location," said Choi. That has crippled tourist businesses. Lim Jung-Sook opened a guesthouse on the island, just a year before the accident.

In her first 12 months in business, she charged \$300 a night for a two-bedroom cabin in peak season, and all her rooms were full, she said. But business plunged after the disaster, and even a 50 percent price cut failed to attract custom.

"Even my friends refuse to come, saying they are not comfortable vacationing wearing sunglasses and

straw hats in such (a) subdued atmosphere," Lim told AFP.

On the way into Paengmok, a signboard stands in the middle of an empty gravel lot, describing an elaborate plan to turn the site into a cultural complex with accommodation, shopping centres and leisure facilities from December 2014 to December 2017.

The proposal is part of a multi-million-dollar tourism development project for Jindo county, but instead the families of missing ferry victims have been camped out at the spot, waiting to recover their dead children.

"The plan has been delayed," said local official Choi, who is in charge of the scheme, citing the accident as one of the factors.

Now completion is expected in three to four years, by when he hopes Jindo will have been able to recover from its image as the "devil's island".

Business owners hope that last week's successful raising of the wreck will herald a revival for their enterprises. Freshly caught seafood was once one of the area's attractions, but demand was destroyed by the disaster.

Businesses ceased operations, said fried chicken vendor Lee Myung-Seok. "No one bought seafood from Jindo waters because of the belief that they fed on human flesh," he said.

"My heart still aches when I pass by the harbour," Lee said, letting out a long sigh of grief.

## Indian regulator accuses Reliance of wrongful share trading

REUTERS, Mumbai

India's market regulator accused Reliance Industries on Friday of having committed a "fraud" in taking a short trading position at the time of selling a stake in a subsidiary in 2007, ordering it to surrender 4.5 billion rupees (\$69 million) plus interest in "unlawful gains".

Reliance, the \$64 billion conglomerate controlled by India's richest man, Mukesh Ambani, rejected the ruling by the Securities and Exchange Board of India and said it would appeal to the Securities Appellate Tribunal.

In its ruling SEBI alleged that before Reliance Industries sold a 5 percent stake in Reliance Petroleum in November 2007, when it was a separately listed company, it took derivative short positions through third parties in Reliance Petroleum shares, to profit from an ensuing fall in the price following the sale.

SEBI, in a 54-page ruling, said Reliance had as a result made a profit of 5.1 billion rupees and ordered it to forfeit 4.5 billion rupees plus interest within 45 days.

With the interest rate set by SEBI at 12 percent annually since Nov. 29, 2007, the total amount due to be paid could amount to more than 12 billion rupees, according to Reuters calculations.

Besides imposing the fine, SEBI said it would bar Reliance and the third parties involved from trading in derivatives for one year.

In imposing the penalty, SEBI said it rejected Reliance's claim that the transactions were for hedging purposes, and said the company had instead sought to "earn undue extra profit".

"I find that Noticee No. 1 (Reliance Industries) was not genuinely hedging the risk but was aiming at reaping huge speculative profits by cornering futures positions and playing a fraud on the general investors and the market," SEBI official G. Mahalingam said in its finding.

Reliance said on Friday in rejecting SEBI's finding that the trades in Reliance Petroleum shares which were examined by SEBI were "genuine and bona fide transactions".

"These were carried out keeping the best interest of the company and its shareholders, in view," Reliance said.

"SEBI appears to have misconstrued the true nature of the transactions and imposed unjustifiable sanctions." Reliance's sale of a stake in unit Reliance Petroleum has sparked years of investigation from SEBI and embroiled the energy conglomerate in legal cases.

## Bepza to lease land for EPZ in Chittagong

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The deal will be signed this week for 50 years, which can be extended upon mutual understanding, said a Beza official.

"Bepza has the experience and skills to operate export processing zones and attract investment from home and abroad," said Paban Chowdhury, executive chairman of Beza.

"We hope our objective of industrialisation and employment generation through the economic zones will be fulfilled."

Beza aims to create jobs for one crore people in 100 economic zones by 2030 and produce goods and services worth \$40 billion. An economic zone is a designated area in a country with special economic regulations that differ from the rest of the country.

An entrepreneur can enjoy various benefits, including tax incentives, from the authorities by setting up an industrial unit in an economic zone.

Bepza Executive Chairman Mohd Habibur Rahman Khan, at a programme last week, said, "We expect to develop the zone in the next two years. Some 350 industrial units can be set up in the zone, which will also create employment for about 5 lakh people."

The total investment in eight EPZs of Bepza stood at \$4,176.64 million at the end of December last year, while the export from the EPZs stood at \$52,817 million in the same period, according to its website.

Despite high demand, Bepza was unable to allocate industrial plots to investors in the last few years due to a scarcity of land in the EPZs, especially in the Dhaka and Chittagong regions.

The new economic zone will allow Bepza to allocate plots to the potential foreign local investors.

# Venezuela plant to begin assembly of Hyundai cars in 2018

REUTERS, Caracas

A Venezuelan auto assembly plant, MMC, hopes to restart output of Hyundai Motor Co vehicles by 2018 after a five-year halt due to a lack of dollars from the government to import parts, a company executive said in an interview.

Vehicle assembly has nearly ground to a halt in the crisis-stricken Opec nation for lack of parts of assembly. The socialist-run country's currency controls require businesses to obtain dollars through the government, but low oil prices have left it without enough hard currency to disburse.

MMC, which assembles and sells Hyundai and Mitsubishi Motors Corp vehicles in Venezuela, plans to sell imported autos in the coming months as it brings the factory back online.

"The automotive industry is cyclical; it seems like we've hit the bottom and we want to be ready for better times," MMC Vice President Jose Gomez said in an interview on Thursday.

"We're not going to wait for the good times to arrive to start getting ready."

Venezuela's economic crisis, characterized by triple-digit inflation and chronic product shortages,



A Hyundai i30 Wagon car is seen at the 87th International Motor Show in Geneva, Switzerland.

has decimated the spending power of a population that for years had the means to buy new cars.

Auto assembly in 2016 sank to a historic low of 2,849 cars, nearly 75 percent less than the year before, according to Venezuela's automotive industry group.

Assembly plants have also struggled with labor disputes, which have forced a number of plants to halt operations over the last six months.

Hyundai's director for Central and South America, Chenny Park, said the company was hoping to

become a favorite in the Venezuelan market.

"We are beginning a new era for the Hyundai brand in Venezuela," said Park via an interpreter. Seoul-based Hyundai is Korea's largest automaker and the fifth-largest worldwide.

## Biscuit market grows fast as demand rises

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Today, nearly 5,000 bread and baked goods makers, including 100 automatic and semi-automatic bakeries, are operating in the segment. Some large firms make biscuits through fully automated machines, said Md Shafiqul Rahman Bhuiyan, president of Bangladesh Auto Biscuit and Bread Manufacturers Association.

"Once, bread was made manually. Those days are over. We are in the automation era now." Touhiduzzaman said large firms paid little attention to the baked goods market 8-10 years back.

The local firms have been able to win the confidence of consumers by improving food quality and keeping prices reasonable, said industry insiders. As a result, they have been able to sustain their position in the market by driving away imported products from India, Malaysia and Indonesia. Domestic manufacturers now meet 90-95 percent of demand for biscuits; some of them also export biscuits, according to operators.

Md Shafiqul Islam, head of trade marketing and distribution of Danish Foods, said people's purchasing capacity has also risen, which led to the increase in demand.

"Biscuits are a common snack to entertain guests at home and office. Because of packaging, it is also convenient to carry them. Innovation is another factor behind the high demand."

Touhiduzzaman said, "We have introduced many new varieties of biscuits that have attracted new consumers as well."

## Denim exports to US almost stagnant

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"Although the US does not produce a lot of garment items for export, the American manufacturers, especially those in Los Angeles, make a huge quantity of denim products."

Another important reason for the slow growth of denim exports is that the US retailers purchase low-cost denim products in bulk from China, said Mostafiz, who is also a major exporter of denim from Bangladesh.

In 2016, US apparel industry's sales increased 3 percent to \$218.7 billion, according to NPD Group, an American market research company with operations in 20 countries.

Since 2013, the US apparel market has struggled to go beyond the 3 percent sales growth, it said.

"The apparel industry is being

pushed and pulled in different directions by consumers who are demanding something different and looking to less-traditional buying channels to find it," said Marshal Cohen, NPD's chief industry analyst. Meanwhile, after a downward trend in the last four months of 2016, Bangladesh's denim exports to the US started increasing from January this year.

In January, Bangladesh exported goods worth \$537.6 million, up 30.3 percent from the previous month, according to data from the US Department of Commerce.

In 2016, Bangladesh's total exports to the US stood at \$5.91 billion, down 1.5 percent from a year earlier.

But, in recent months things are turning around, according to Ahmed of Envoy Group.

"Now we are receiving a lot of work orders from the US buyers, who previously bought denim from Mexico," he said. Despite slow growth in denim exports, Bangladesh still remains the third largest supplier in the US market.

Only China and Mexico supply more denim to the US than Bangladesh. The share of Bangladesh in the US denim markets is 12.03 percent, while that of China and Mexico is 26.04 percent and 25.40 percent respectively.

The wide consumption of denim by fashion connoisseurs globally has created a new opportunity for Bangladesh, according to local manufacturers. Bangladesh presently has around 30 denim producing factories that have about \$1 billion of investment locked in.

## Mobile internet emerging as a revenue churning

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"The lack of 3G-enabled handsets is a barrier for further growth of data revenue," said Sayed Talat Kamal, Grameenphone's head of external communications.

To become a more data-centric operator, Grameenphone needs more spectrum and technology neutrality to launch 4G services, which would provide higher mobile internet speed.

With 4G, which is the fourth generation of wireless mobile telecom technology, operators can provide internet speed up to ten times faster than 3G.

Robi's data revenue soared 31 percent to Tk 684 crore in 2016, accounting for nearly 13 percent of the opera-

tor's total revenue.

The government needs to undertake various measures such as importing low-cost quality devices and slashing spectrum prices to take the data services to its optimum stage, it said.

Data intake depends on many factors such as device, good local content, overall digitisation of services and quality network.

"And here, the industry, the government and the regulators have to work together to ensure that affordable network can be established and content can be developed to meet the demand of the future generation," Kabir added.

Banglalink, the country's third

largest operator, earned Tk 490 crore, or 10 percent of its total revenue, from data services last year. In 2015, it earned 6.9 percent of its revenue from the segment.

The operator saw a good number of its users switch from feature phones to smartphones in recent times.

"Thus, the consumption of data is increasing day by day. With the launch of 4G, data use will increase significantly," Ahmed of Banglalink said, adding that the operator has already made its SIM cards 4G compatible.

At the end of 2016, the number of mobile internet connections was more than 6.3 crore, up from 5.15 crore at the end of 2015.