



Mashrur Arefin, additional managing director of City Bank, and Ashwani Nayar, general manager of Le Meridien Dhaka, exchange the signed documents of a deal at a programme. The members of Citygem, the priority banking arm of the bank, will enjoy exclusive benefits at Le Meridien Dhaka.

## Norway to build first self-sailing electric cargo ship

AFP, Oslo

Norway plans to launch the first autonomous and fully electric cargo ship next year that the project's backers said Wednesday will save 40,000 truck journeys per year.

Fertiliser company Yara International has teamed up with industrial group Kongsberg to build the Yara Birkeland, which will haul fertilisers between three ports in southern Norway.

With a range of more than 65 nautical miles, the ship will be able to haul roughly 100 containers at a speed of 12 to 15 knots, according to the project's director, Bjorn Tore Orvik.

Initially the ship will be manned, but remote operation is expected to begin in 2019 and fully autonomous operation in 2020, the companies said.

"Every day, more than 100 diesel truck

journeys are needed to transport products from Yara's Porsgrunn plant to ports in Brevik and Larvik where we ship products to customers around the world," Yara's chief executive Svein Tore Holsether said in a statement.

"With this new autonomous battery-driven container vessel we move transport from road to sea and thereby reduce noise and dust emissions, improve the safety of local roads, and reduce NOx and CO2 emissions," he added.

The switch is expected to reduce CO2 emissions by 678 tonnes per year, according to Yara, with the electricity used to charge the ship's batteries coming almost exclusively from hydro plants.

While Norway is a major oil producer it has been a leader in the adoption of electric cars thanks to generous tax incentives and has experimented with electric-powered ferries to cross its famous fjords.

## Ford tells UK: We also need Brexit deals with Turkey, S Africa

REUTERS, London

Britain needs to strike post-Brexit trade deals with countries such as Turkey and South Africa as well as the European Union, Ford said on Wednesday, underlining the scale of the challenge facing Prime Minister Theresa May to meet business demands.

Ford, Britain's biggest automotive engine-maker, operates two manufacturing sites in the country and like other companies has warned that any trade restrictions after it leaves the EU could add to costs and endanger British production.

The U.S. carmaker denies union claims it is planning to axe 1,100 jobs at its engine plant in Wales by the end of the decade after scaling back an investment there.

Ford sends UK-built engines to Turkey, where it assembles its range of Transit vans and then exports many completed vehicles to Britain, benefiting from the barrier-free trade guaranteed by the EU's customs deal with Turkey.

All of Ford's Ranger pick-up trucks sold in Britain, meanwhile, are made in South Africa, reflecting the interconnected supply and sales chain made easy by EU trade deals with other countries, which Britain will now need to renegotiate as it leaves the bloc.

"For Ford, it's not only important for the UK's agreement with the 27 (remaining EU) countries but equally important are countries like Turkey and South Africa which hasn't really been talked about," Ford of Europe CEO Jim Farley told a London conference.

The company's British-built engines face tariffs of up to 2.7 percent, while vehicle imports could be hit by tariffs of up to 10 percent if Britain has to fall back on World Trade Organization trading rules.

Farley suggested it would be hard for politicians to complete a full Brexit deal between now and March 2019, the end of a two-year period set out in EU legislation, and there needed to be time to adjust to the new terms.

"There should be a transition period. That transition period is really critical for the future of our investments in the UK," he said.

May, who polls show is likely to win a landslide victory in a national election on June 8, has singled out the resurgent car industry as a key sector she wishes to back, striking a

deal with Japan's Nissan last year to expand output at its northeast England plant.

The government promised Nissan extra support to counter any Brexit-induced loss of competitiveness, according to a source, and the firm discussed with Britain's business minister how to boost the uptake of electric cars, according to documents seen by Reuters, with initiatives later announced.

Ford suggested it could also seek government support to maintain the benefits of tariff-free trade.

"We are spending a lot of time thinking and talking about how we need to change our operations and what support we need from the government and other entities not only in the UK to make sure (trade) friction doesn't get created,"

## Toyota logs first annual profit fall in 5 yrs

AFP, Tokyo

Toyota on Wednesday reported its first drop in annual net profit for five years, while the Japanese car giant unexpectedly warned that the cost of customer incentives and a further pickup in the yen threatened to dig further into its bottom line.

The downbeat forecast underscores how Japan's automakers, including rivals Nissan and Honda, have benefited heavily from a slump in the currency in recent years.

But sharp yen gains at the start of the past fiscal year -- largely driven by Brexit and tumbling world equity markets -- took a bite out of Toyota's latest results.

On Wednesday, the Corolla and Prius hybrid maker warned it expected more currency pain this business year, while incentives in the lucrative North American market pushed operating profit in the region down about 35 percent.

Overall, Toyota posted a net profit of 1.83 trillion yen (\$16 billion) on slightly lower

revenue of 27.6 trillion yen in the recently ended year to March -- more than 20 percent down from a record 2.31 trillion yen net profit the previous year.

Toyota, which lost its crown last year to Volkswagen as the world's top-selling automaker, warned it expects a net profit of 1.5 trillion yen in the current year to March 2018 -- way off market expectations of around 1.9 trillion yen.

Vehicle sales in the past fiscal year ticked up to 10.25 million units from 10.09 million a year earlier. Unit sales in the key North American market remained flat, while Toyota registered a pick-up in Europe, Japan and the rest of Asia.

Demand dropped in Central and South America, Africa and the Middle East, it said.

"Japan's auto sector saw ups and downs in its earnings as the yen fluctuated during the fiscal year -- foreign exchange will continue to be a major factor for the industry," said Satoru Takada, a Tokyo-based analyst at research firm TIW, before the results were published.

## Shadow banking activity continues to grow: FSB report

REUTERS, London

Growth in global bond, real estate and money market funds continues to swell the world's "shadow banking" sector, which provides credit outside the regulated banking system and plugged a market gap opened up by euro zone banks cutting back on their lending, according to the global Financial Stability Board.

The FSB, which coordinates financial regulation for the Group of 20 Economies (G20), said its "narrow" measure of shadow banking activities that could pose a threat to stability, rose 3.2 percent to \$34.2 trillion in 2015, the latest year for which figures have been collated.

Apart from debt investment funds, the measure of shadow banking also includes the repurchase or repo and debt securitization markets as well as hedge funds involved in credit.

Some of the sector's growth was in the euro area where credit was reduced by banks, saddled with bad loans and tougher regulation, the FSB said in its 94-page annual monitoring report.

The measure has risen from 60 percent of economic output of countries monitored in 2011, to 69 percent in 2015, outpacing growth generally. Shadow banking accounts for about 13 percent of financial system

assets.

The 2007-09 financial crisis prompted the FSB to monitor and recommend rules to mitigate risks in the sector.

"This helps to inform our judgment on appropriate policy responses as we transform shadow banking into resilient market-based finance," FSB Chairman Mark Carney said in a statement.

The FSB will publish a broader review for G20 leaders in July, saying whether additional rules might be needed.

Figures from the Cayman Islands, a key hedge fund center, are included for the first time in the latest report and Luxembourg may be included from next year. But detailed analysis for China, which has a growing shadow banking sector, was received too late to be included in the narrow measure.

Increases in the narrow measure of shadow banking can also be put down to better reporting and not just an acceleration in activity.

Some 65 percent of the \$34 trillion is made up of open-ended fixed income funds, real estate funds and money market funds which have grown about 10 percent on average over the past four years.

In the meantime, secured funding from broker dealers and securitisations has fallen.

## China's commodity imports return to more normal levels

REUTERS, Launceston, Australia

The pullback in China's imports in April of crude oil and major bulk commodities, except coal, is more of a reminder that strong gains can't last forever than a warning that demand is waning in the world's biggest importer of natural resources.

On the surface, the sharp falls in April imports of crude oil, iron ore and copper certainly appear to be a bearish signal, a warning that commodity-intensive sectors, such as construction and manufacturing, may be losing some momentum.

However, there are some short-term factors that help explain the declines, and it's far too early to call an end to the trend of robust demand for commodities in the world's second-largest economy.

Take crude oil first, where April imports dropped to 8.37 million barrels per day (bpd), down nearly 9 percent from a record 9.17 million bpd in March.

But put that number into context and a different picture emerges.

In the first four months of 2017, crude oil imports are up 12.5 percent from the same period last year to around 8.46 million bpd.

This is also substantially higher than the 7.6 million bpd imports averaged for 2016, showing that China's appetite for crude has jumped substantially so far this year, notwithstanding the pullback in April.

It's also worth noting the impact of domestic policy considerations in China, with many of the smaller, private refiners believed to have nearly exhausted their first-half crude import quotas.

This will likely lead to a moderation in imports in the second quarter before a likely recovery in the second half.

Lower quotas for exports of refined products will also likely result in moderating crude imports, and April's numbers show this dynamic at work.

Exports of refined fuels fell 25.1 percent in April from March, dropping to 3.5 million tonnes, or about 930,000 bpd.

This lowered the growth rate of refined fuel exports to 15 percent in



Rolls of steel are stacked inside the China Steel Corporation factory, in Kaohsiung.

REUTERS/FILE

the first four months of 2017 compared to the same period a year earlier, down from 22.6 percent in the first quarter.

Part of the recent surge in China's crude imports has been related to the ability of both state and smaller refiners to export more refined products, so any reduction in exports will almost automatically result in lower oil imports.

Iron ore imports slumped 13.9 percent in April to 82.23 million tonnes, the lowest monthly total since October, again something that sounds bearish but isn't really once viewed in context.

The last eight months have seen four months with imports above 90 million tonnes, including 95.6 million in March, which was the second-highest on record.

April's imports were most likely hit by weather-related disruptions in the main exporting region of northwest Australia during March, when many of the cargoes would have been loading.

place domestic supplies.

The spot price fell to \$60.15 a tonne on Monday, down 37 percent from the recent peak of \$94.86 on Feb. 21.

In theory, coal imports should have also been hit by weather in Australia, but instead they rose by 12.2 percent from March to 24.78 million tonnes, taking the year-to-date gain to 33.2 percent.

While a detailed breakdown of coal imports by country will only be released toward the end of May, it's likely that China boosted imports via rail and truck from neighbouring Mongolia.

Vessel-tracking and port data pointed to a drop of about 550,000 tonnes in imports from the seaborne market in April from March, with volumes from Australia dropping by one-third.

Coal imports are likely to remain robust, given the current cost advantage their enjoy over domestic supplies, which have been somewhat constrained by Beijing's efforts to eliminate overcapacity and inefficient mines.

If you were looking for a bearish commodity story out of China, then copper is the answer.

Imports of unwrought copper dropped 30.2 percent to 300,000 tonnes in April from March, and 33.2 percent from the year earlier month.

Up to now, it had been possible to make the argument that China was replacing imports of refined metal with ores and concentrates, but they too slumped in April.

Imports of ores and concentrates dropped 16.6 percent from March to 1.36 million tonnes, suggesting a lack of appetite among China's copper smelters for imported ore.

Whether this is a signal of a broader slowdown in China's copper demand or whether it's merely a reflection of adequate domestic supplies and inventories is still uncertain.

Nonetheless, copper is often viewed as the canary in the commodity coal mine, and a sustained downturn in China's imports would likely raise the market's level of concern.

Overall, China's April commodity imports represent a return to what might be described as more normal levels, after several months of outsized and unsustainable growth.

## India's cotton area seen rising 15pc to 3-year high

REUTERS, Mumbai

Cotton planting in India, the world's biggest producer of the fibre, is likely to rise by 15 percent in the 2017/18 marketing season to a three-year high as farmers switch away from other crops, likely boosting cotton production and exports.

Higher output in India could kill a rally that pushed global cotton prices to their highest in three years this month.

"This year farmers received higher prices, so they are going to raise the area under cotton. We are expecting around a 15 percent increase," said Mekala Chockalingam, chairman of the state-run Cotton Corporation of India (CCI), the biggest cotton buyer in the country.

Domestic cotton prices rose 19 percent from a year ago to 41,300 rupees (\$639) per 356 kg candy, following the rally in overseas prices.

A candy is a traditional measure of mass in India.

A 15 percent rise in crop area would lift India's cotton planting to around 12.08 million hectares (29.9 million acres) in the marketing year starting on Oct. 1, highest since the 2014/15 year.

That compares to 10.5 million hectares in the current marketing year, the lowest in seven years.

"We have lost area in the last few years. We will recover that lost area as long as the monsoon is normal," said Nayan Mirani, president of Cotton Association of India.

Most Indian farmers start planting cotton - a crop that requires lots of moisture - with the onset of monsoon rains in June, although some with irrigated fields start as early as May.

India looks likely to receive above average monsoon rainfall as concern over the El Nino weather condition has eased, the chief of India's weather office said on Tuesday.

Oilseeds and pulses compete with cotton in key producing areas like the western states of Maharashtra and Gujarat.