Mexican beef exporters look to Muslim markets as US alternatives

REUTERS, *Mexico City/Chicago*

Mexico's growing beef industry is targeting Muslim consumers in the Middle East for its prime cuts as it seeks to reduce dependence on buyers in the United States.

The potential for a US-Mexico trade war under President Donald Trump has accelerated efforts by Mexican beef producers to explore alternative foreign markets to the United States, which buys 94 percent of their exports worth nearly $1.6 billion last year.

Trump has vowed to redraw terms of trade with Mexico and Canada to the benefit of the United States. Mexican beef companies fear they may be dragged into a renegotiation of the North American Free Trade Agreement between the three countries.

That has firms looking to the Middle East, where most meat is imported from non-Muslim countries using animals slaughtered by the halal method prescribed by Islamic law.

Mexico, the world's sixth biggest beef producer, plans to quadruple exports of halal beef to 44 million pounds (20,000 tonnes) by the end of 2018 from 11 million pounds (5,000 tonnes) this year, according to data from the Mexican cattle growers association AMEG.

The country should have 15 plants certified to produce halal meat by the end of next year, up from a current six, according to AMEG data.

Jesus Vizcarra, chief executive and owner of SuKarne, Mexico's biggest beef exporter, said his company sees big potential for sales to Muslim-majority countries.

"We have to seek out more markets," he said in an interview, pointing to near-term targets in Egypt, the United Arab Emirates, Qatar and Lebanon.

"There's an opportunity in these Middle Eastern countries," said Vizcarra, who is known in Mexico as the King of Beef and has boasted of being born in a slaughterhouse.

At SuKarne's sprawling Monarca plant, located 270 miles (435 km) west of the Mexican capital in Michoacan state, more than 150,000 cows leisurely pick at row after row of grain channels in dusty feed lots.

The plant is the company's first halal-certified facility and earlier this year began its first-ever shipments to Muslim markets.

Mexico's cattle growers' association sent a trade mission to Dubai and Qatar in late February to meet potential buyers, said Rogelio Perez, AMEG's top trade official

Inspectors from the UAE will visit Mexico by June, after Saudi inspectors were in Mexico in March, he said.

"They left with a very good taste in their mouths regarding Mexican production systems," he said.

Plants must be certified as halal compliant by third-party companies such as US-based Halal Transactions of Omaha or United Arab Emirates-based RACS.

Earlier this year, Indonesia, the world's most populous Muslim country, expressed interest in buying Mexican beef for the first time although no deals have yet been cut.

Sales to Muslim countries would take a bite out of the market share for halal meat held by beef packers from the United States and Brazil, according to industry and trade sources.

Mexico's beef industry is able to grow its export markets due to a successful push to meet exacting US standards and modernize the sector over the past two decades. That has put Mexican packers in a strong position to diversify away from the US market.

"It was our big strength until President Donald arrived, and now it's our major weakness," said Bosco de la Vega, president of Mexico's state farm council, adding that Mexico should limit beef exports to the United States to a maximum of half the overall flow. He said Mexico can do so in the next five years.

Russia is considering buying large volumes of Mexican beef, and Mexico is also seeking to expand shipments to existing buyers like Japan and South Korea.

Mexico's herd hit a record 31 million animals in 2015 and totaled 30.8 million in 2016, producing 4.142 billion pounds and exports of 712 million pounds. Top exporters Brazil, India and Australia each export over 2.5 billion pounds.

"We're on the path of diversification," Mexican Agriculture Minister Jose Calzada recently told reporters. "And we won't stop, because these occasional insults from the United States toward Mexico have opened our eyes."

SAVOR INTERNATIONAL LTD

Industries Minister Amir Hossain Amu attends a programme at Bangabandhu International Conference Centre in Dhaka on May 11 when Savor International Ltd inaugurated an international exhibition on safe construction, power generation and renewable energy.

Foreign business groups push for delay in controversial China cyber law

REUTERS, *Beijing*

Overseas business groups are pushing Chinese regulators to delay the June 1 implementation of a controversial cyber law that mandates strict data surveillance and storage for firms working in China, saying the rules would severely hurt business.

The European Union Chamber of Commerce in China and U.S.-based Business Software Alliance say the law, passed by China's largely rubber-stamp parliament in November, as well as rules for implementing it, need further review before being rolled out.

The new regulation includes requirements for data to be stored locally as well as contentious security reviews, which critics say could unfairly target foreign firms.

In a letter to the government's Cyberspace Administration of China dated May 11 and seen by Reuters, the EU Chamber said the new rules were "fraught with weaknesses," would lead to "great uncertainties and compliance risks" and crimp China's booming information technology market for both foreign and domestic companies. It recommended delaying the law to "allow sufficient discussion".

Several foreign business sources have said dozens of leading business associations from Japan, Australia, the United States and Europe are preparing a separate joint letter to Chinese cyber authorities ahead of June 1, asking the government to delay the implementation date.

Lawyers say while lobbying is highly unlikely to stop the government from moving ahead with the rules, authorities probably won't police the industry too harshly initially. Up until now, China's data industry has been governed by loosely defined laws but no overarching data protection framework.

The new law codifies much stricter controls than other regions including Europe and the United States.

On top of internationally common standards, such as requiring user consent before moving data beyond country borders, China's new cyber law also mandates companies store all data within China and pass security reviews.

BB caps interest rate on credit cards

FROM PAGE B1

Last month, BB doubled the credit card limit and extended the personal loan ceiling to support investment growth by stimulating consumption in the economy. The new credit card limit was set at Tk 10 lakh, which was Tk 5 lakh earlier.

Banks can provide an additional Tk 10 lakh to credit cardholders. The excess credit will have to be backed by liquid securities, such as fixed deposits or foreign currency accounts, maintained with the respective bank, said the guideline.

According to the new guideline, cardholders will be allowed cash withdrawal of up to 50 percent of the limit.

Cardholders who wish to surrender cards because of any change to terms, rates or charges shall be permitted to do so without being levied any extra charge, according to the guideline.

The card issuing bank will develop a comprehensive institutional policy on credit card operations and a code of conduct following approval from the bank's board.

The card issuer will ensure that the due date does not fall on a Friday, Saturday or any other public holiday. Cardholders will get a grace period of 1 or 2 days if the due date falls on a holiday.

LANKABANGLA FINANCE

Acting Managing Director of LankaBangla Finance Khwaja Shahriar opens a new branch of the company in Dinajpur.

New VAT law would also boost income tax collection

FROM PAGE B1

The NBR's revenue last fiscal year stood at Tk 156,000 crore, with VAT contributing 37 percent, income tax was 36 percent and import duty 27 percent to the sum.

With implementation of the new VAT law, the NBR is trying to bring the informal sector to the formal sector to increase revenue collection and reduce the tax GDP ratio, he added. Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said a 15 percent VAT rate is high in context of South Asia.

"It would be better if the rate could be fixed at 10 percent. The proposed VAT rate will have a negative impact on prices in the local markets at least one time," Moazzem added.

Azharul Haque Azad, president of the Fashion Entrepreneurs Association of Bangladesh, echoed the same.

He cited the poor weavers in rural areas as a case in point of the inefficacy of the VAT rebate facility. The inadequately educated weavers cannot present VAT receipts to distributors and retailers as they run very small businesses.

In such cases, the retailers will have to pay the VAT and ultimately, this money is collected from the end users. "It means the prices of local clothing items will go up," Azad added.

The NBR should check VAT evasion rather than hike the rate to increase revenue collection for the state coffer, said Golam Rahman, president of the Consumers Association of Bangladesh. It should also also make clear that the prices of basic commodities and universally used products like electricity will not go up for implementation of the proposed VAT law.

"We the consumers are worried that the prices of commodities will go up in the local market," he added.

The new VAT law will send a revenue shockwave and have an inflationary pressure on the economy, said Md Humayun Kabir, co-chairman of the sub-committee on budget and taxation of the Federation of Bangladesh Chambers of Commerce and Industry.

If the supplementary duty is withdrawn from the next budget, the implementation of the VAT law might not bring equal benefits to the economy and as a result, a good law will turn into a bad one. "The prices of basic commodities will definitely go up in the market and it will be difficult to bring down the prices once it goes up," Kabir added.

The proposed VAT is highly discouraging both for local and foreign investment and the elimination of the supplementary duty will have a negative impact on the local industry, said Abdul Khaleque, convener of the budget committee of the Foreign Investors' Chamber of Commerce and Industry.

For instance, the current VAT on electricity bill is 5 percent and if an additional 10 percent is imposed to make it 15 percent, the price of power will soar, he added.

The cost of doing business will definitely go up due to the new VAT law, said Sabbir Hasan Nasir, executive director of retail chain Shwapno. In many cases, the manufacturers and distributors cannot give VAT receipts, so the retailers have to pay the full VAT. "This means the consumers will pay higher prices."

US used-car glut is a dealer's dream, automakers' nightmare

REUTERS, *Orwell, Ohio*

Three years ago if a customer walked onto Dan Reel's used car lot seeking a late-model off-lease Ford Escape, his answer was short: tough luck.

The supply of lightly-used cars and trucks was tight because automakers had drastically cut back on bargain leases during and after the Great Recession.

Recently, though, a computer search for available used vehicles within 150 miles of Reel revealed an eye-popping figure: 668 Escapes. That's enough to put more than 40 percent of the inhabitants of this small northeastern Ohio town, population 1,600, into the popular crossover.

A search for the Chevrolet Equinox, a comparable crossover, showed 461 available.

"The automakers have flooded the market," said Reel, owner of Reel's Auto in Orwell, Ohio, about 40 miles east of Cleveland.

That deluge is good news for used-car dealers, auto auction houses and car buyers, who stand to benefit from a bountiful supply of high quality, off-lease vehicles rolling into the US market.

By the end of 2019, an estimated 12 million low-mileage vehicles are coming off leases inked during a 2014-2016 spurt in new auto sales, according to estimates by Atlanta-based auto auction firm Manheim and Reuters.

That's helping independent dealers such as Reel, who can turn a quick profit on vehicles bought cheaply from auction companies.

Big players like AutoNation also aim to benefit from selling late-model vehicles at a discount versus brand new cars.

Chief Executive Mike Jackson said rising off-lease car numbers means "a higher supply of pre-owned vehicles at a more attractive price."

Consumers seeking great deals are in luck. Used-vehicle prices at auction fell about 3 percent last year, according to Carmel, Indiana-based KAR Auction Services Inc, which facilitated the sale of 5.1 million used and salvaged vehicles in 2016. Used prices should drop around 3 percent annually for the next couple of years, according to KAR's chief economist Tom Kontos.

General Motors Co and Ford Motor Co say prices for its used vehicles, which consist largely of nearly-new ones coming off lease to consumers, fell 7 percent in the first quarter versus the same period in 2016. GM says it expects a 7 percent decline for 2017 compared to last year.

While many used-car dealers and their customers are spoiled for choice, the glut bodes ill for GM, Ford and Fiat Chrysler Automobiles NV and is one reason the Detroit Three's share prices are stuck in neutral.

Demand for new vehicles is slowing after seven consecutive years of rising sales. Meanwhile, carmakers' discounts on new vehicles have surpassed record levels set during the Great Recession. Those discounts have been averaging over 10 percent of a new vehicle's average selling price, according to industry consultants JD Power and LMC Automotive.

Slumping prices also hurt automakers' in-house lenders. They price leases using a car's "residual value" - an estimate of the vehicle's worth after its lease ends. If that value is lower than expected when the vehicle is resold, profits suffer.

That risk was highlighted last November when Ford lowered its financial service arm's pretax profit forecast by $300 million, citing falling resale values for off-lease vehicles.

Still, carmakers show no sign of abandoning leasing. In the first quarter, leases made up 31.06 percent of sales to consumers, just below the record set in the second quarter of 2016 of 31.44 percent, according to data from Experian.

Wall Street is worried carmakers are repeating past mistakes. Shares of GM and Ford barely budged last month after their earnings both beat analyst expectations. But when the companies reported disappointing April sales last week, GM's shares fell 3 percent and Ford's 4 percent.

FBCCI election today

FROM PAGE B1

The election will begin at 9am and will continue until 5pm without any break at the office of the Bangabandhu International Conference Centre at Agargaon in Dhaka.

This year, the voters will be able to cast votes only in association group as the directors of chamber group have been already been elected unopposed.

Shafiul Islam Mohiuddin, the current vice-president of the trade body, is contesting under the banner of Shommilito Gonotantrik Porishod and Kazi Iftaquer Hossain, president of the Bangladesh Garment Buying House Association, under the banner of Babosayee Oikkyo Forum, a platform of the businessmen.

Islami Bank directors call for security after threats

FROM PAGE B1

A major reshuffle, including changing of chairman, vice chairman and managing director, was made to the bank's board on January 5 this year. Since then, the board recruited some high- and mid-level officials without posting any job advertisements. The bank declared 10 percent cash dividend for 2016, down from 20 percent cash it had offered in 2015.

Earnings per share of the bank also declined in the first quarter of the year from a year earlier.

CBC

Najith Meewanage, chief operating officer of Commercial Bank of Ceylon PLC, and Saif Dali, manager for sales and marketing at Rose View Hotel in Sylhet, exchange the signed documents of a deal at a programme. The bank's Combank debit and credit cardholders will enjoy special discount at the hotel.

New VAT law to hurt housing sector: REHAB

FROM PAGE B1

Bangladesh Bank should launch a refinancing scheme for the housing sector, to make the flats more affordable to the buyers, he said. The refinancing activities of Bangladesh Bank for the housing sector have remained shut since 2009.

The association demanded the government form a special fund of at least Tk 20,000 crore for the sector.

The buyers should be able to take long-term loan from the fund at low interest rates, according to their budget proposal.

Bhuiyan demanded the registration cost be reduced to 7 percent of the total cost of a flat or apartment, down from existing 14 percent.

He said investment of undisclosed money is increasing in the housing sector due to the high registration cost. The registration cost is the highest in Bangladesh among the Saarc countries, he said.

The government should allow investment of undisclosed money in the housing sector without any question, he said.

Referring the recent Global Financial Integrity report, which disclosed illicit flows of $75 billion from Bangladesh, he said such illegal outflow can be stopped by allowing undisclosed money at unquestionable condition.

The leaders of the association demanded launching of a secondary market for the housing sector similar to the used car market.

If a flat is sold within five years of its purchase, then its registration cost should be 1 percent, he explained.

Abdul Kauiam Chowdhury, vice president of REHAB, was also present.

LOOKING FOR RETAIL SPACE

A USA-based fast food franchisee is looking for commercial space (Approx. 1,500 - 2,500 Sq.ft in ground floor) for long-term rental, adjacent to main roads in following areas:

- Banani
- Gulshan 1 & 2
- Dhanmondi
- Uttara
- Basundhara R/ A
- Baily Road

CONTACT: +8801700701010 EMAIL: info.qsrbd@gmail.com