

Lockheed signs pact with Tata to make F-16 planes in India

REUTERS, Paris
Lockheed Martin signed an agreement with India's Tata Advanced Systems on Monday to produce F-16 fighter planes in India, pressing ahead with a plan to shift its Fort Worth, Texas plant to win billions of dollars worth of order from the Indian military.

India's air force needs hundreds of aircraft to replace its Soviet-era fleet, but Prime Minister Narendra Modi's government has said foreign suppliers would have to make the planes in India with a local partner to help build a domestic industrial base and cut outright imports.

But Modi's Make-in-India drive runs the risk of conflicting with US President Donald Trump's America First campaign under which he has been pressing for companies to invest in the United States and create jobs instead of setting up factories abroad.

In announcing their agreement at

the Paris Airshow, Lockheed and Tata said moving the production base to India would still retain jobs in the United States.

"F-16 production in India supports thousands of Lockheed Martin and F-16 supplier jobs in the US, creates new manufacturing jobs in India, and positions Indian industry at the center of the most extensive fighter aircraft supply ecosystem in the world," a joint statement by the firms said.

Sweden's Saab is the other contender to supply the Indian Air Force, offering to make its Gripen fighter in India. It has not yet announced a local partner for the plane which it has pitched as a modern alternative to the F-16s.

The announcement comes days before Modi travels to Washington for a first meeting with Trump, scheduled for June 26. India and the United States have built a close defence relationship in recent years with Washington emerging as among the

top three arms suppliers to India, along with Russia and Israel.

India will also have the chance to export the F-16 that is flown by air forces around the world, the joint statement said. Some 3,200 of these planes are being flown by 26 countries and the model that is being offered to India will be Block 70, the most modern of all the F-16s.

"This unprecedented F-16 production partnership between the world's largest defence contractor and India's premier industrial house provides India the opportunity to produce, operate and export F-16 Block 70 aircraft, the newest and most advanced version of the world's most successful, combat-proven multi-role fighter," the statement said.

Tata is already building airframe components for the C-130 military transport aircraft.

India has not opened formal bidding for the jet order, which is expected to be anything from 100 planes to 250.

EU agrees to use sanctions against cyber hackers

REUTERS
The European Union can levy economic sanctions on anyone caught attacking EU states' computer networks, EU foreign ministers said on Monday, the bloc's latest step to deter more attacks following incidents in Britain and France.

With German national elections in September, interference in democratic votes is a concern for the bloc after accusations of Russian meddling in the U.S. presidential election last November and the French election in May.

EU foreign ministers agreed that so-called restrictive measures including travel bans, assets freezes and blanket bans on doing business with a person, company or government could be used for the first time.

BB asks banks to help landslide victims

STAR BUSINESS REPORT
Bangladesh Bank has advised all scheduled banks to distribute relief and financial assistance among the people affected by the recent landslides in Chittagong hill tracts areas.

Banks were asked to help them under corporate social responsibility activities and show such expenditure in the balance sheet as spending in social projects or community investment sector, the banking regulator said in a statement yesterday.

As of yesterday, 150 people, including four army men, were killed in the landslides and the death toll may rise as the rescue operation has not yet come to an end.

Chinese state oil giants take petrol price battle to the pumps

REUTERS, Luliang, China
Chinese state oil giants Sinopec and PetroChina are waging war at the nation's gas pumps, slashing prices at unprecedented rates in an effort to reclaim sales lost to private local and foreign rivals in the \$440 billion retail fuel market.

The rare price war kicked off in late March as Sinopec reported first quarter retail sales had slid to a three-year low. Spurred by a glut of fuel, Sinopec started offering hefty discounts in response to ad-hoc but frequent promotions by independent petrol station operators.

PetroChina swiftly joined in, triggering a ferocious battle against independents and international firms

including Shell and BP, said three state oil sources involved in retail fuel marketing.

The heavy discounting is now spreading from the most heavily over-supplied provinces in China's north, squeezing fat retail profit margins in the world's No. 2 fuel market. The battle is proving a boon for China's drivers.

In the gritty northern coal town of Luliang, taxi and delivery drivers were queued up at a Sinopec outlet after it slashed pump prices by 1.4 yuan (\$0.21) per liter, or nearly a quarter, one recent weekend.

"We all know Sinopec has higher gas quality but it was so expensive, so before I went to independent stations to fill my vehicle," one driver sur-

named Zhang told Reuters as he waited to gas up his dusty, gray 7-seat van. "Now I switch to Sinopec and will keep visiting here as long as Sinopec offers discounts like this."

Nearby gas stations run by PetroChina and local private operator Taihua each offered the same discount, promoting the bargain prices with eye-catching red banners, free car washes, and credits in pre-paid petrol cards. Sinopec spokesman Lu Dapeng said price cutting was "the most common approach in market competition". He didn't elaborate.

Such basement prices are rare for Sinopec, officially known as China Petroleum & Chemical Corp, and PetroChina, the listed subsidiary of China National Petroleum Corporation.



Officials of Chandpur Power Generations Ltd, a subsidiary of Doreen Power Generations and Systems Ltd, and Man Diesel and Turbo attend an agreement signing ceremony at the corporate office of Chandpur Power. A 115 megawatt power plant fired by heavy fuel oil will be established in Chandpur.

Qatar says Gulf crisis puts \$2b in contracts at risk

AFP, Doha
The political crisis in the Gulf is putting at risk business deals worth \$2 billion in Arab countries that have cut ties with Qatar, an economic official in the emirate said Monday.

Yousuf Mohamed al-Jaida, chief executive of the Qatar Financial Centre, said the majority of the contracts at risk - some \$1.5 billion (1.3 billion euros) - were in the area of construction.

The level of exposure for businesses from Saudi Arabia, the United Arab Emirates and Bahrain has been negatively impacted alongside that of Qatari businesses in the current crisis.

"We sincerely believe that the impact is regional, not only local," Jaida told reporters at a briefing in Doha.

"Qatar's exposure to the blockade

countries -- the UAE, Saudi Arabia and Bahrain -- is limited. This is a fact," he said in English.

"There's very few Qatari companies doing business in Saudi, UAE, Bahrain. "There is on the other hand a couple of billion dollars of contracts of these blockade countries impacted in Qatar due to restrictions in their own countries," he added.

Some \$18-billion in short-term deposits held by Saudi, UAE and Bahraini banks would mature in the next two months, but if the funds were withdrawn they could be "easily" covered by the Qatari government, said Jaida.

The economist said Qatar's sovereign wealth fund, worth some \$335 billion, was largely unaffected as it was mostly invested outside the Gulf.

Saudi Arabia, the United Arab

Emirates, Bahrain are among a string of countries which this month cut ties with Qatar over accusations the emirate supports extremism.

Doha denies the accusations.

Gas-rich Qatar is currently in the middle of a massive \$200-plus billion infrastructure programme to help the country to prepare for the 2022 football World Cup.

Imports from Saudi Arabia, the UAE and Bahrain, including construction materials and food, represent about 14 percent of Qatar's total imports, said Jaida. The crisis has forced Qatar to turn elsewhere for long-term trade partners, especially those in Asia.

"We will continue to expand our global outreach, especially with Asia, which happens to be our largest export market," said Jaida.

Local car assembly struck by duty hike

FROM PAGE B1
Following Pragoti's lead other firms have also joined the bandwagon to assemble vehicles locally.

However, the SD on completely built unit cars between 2,001-3,000cc will not increase next fiscal year: it will stay at 200 percent.

"People will be more interested in importing new cars rather than develop the facilities here to assemble vehicles," Sardar said.

Countries like Thailand developed their local automobile industry by keeping the import duty on CKD cars much less than that on CBU and extending other incentives, according to operators.

"But we are seeing the exact opposite of what needs to be done," he said, adding that increasing the SD on CKD units would hinder the progress of the local assembly industry.

In case of CKD SUVs that are over 1,600cc to 2,000cc, the total import duty has been proposed to be hiked to 148.30 percent from existing 104 percent.

In contrast, the total tariff for CBU in this range will remain the same at 100 percent.

"This would discourage invest-

ment in this sector as local companies would lose their interest for car assembly plants," said Shoeb Ahmed, chief executive officer of Rangs Limited.

Rangs has already invested significantly to import machinery, establish a factory as well as develop human resources, he said. "We have also paid for technology transfer," Ahmed added.

Stakeholders say assembly is seen as the first step towards progressive manufacturing.

Bangladesh has been able to establish a motorcycle manufacturing industry from assembling due to tax benefits and incentives extended for import of CKD motorcycles.

The same could be done to encourage the development of the automobile industry, they said. The move will create employment opportunities alongside developing skill sets of human resources.

However, the proposed hike in SD will not only raise the expenditure for general public but the public sector as well.

For instance, the total tariff on CBU of double-cabin pickups ranging from 2,001-3,000cc has been increased 60 percentage points to 212

percent in the proposed budget.

The hike will push up government expenditure as the vehicles are mainly used in mega projects, such as the Padma bridge and metro rail, to carry equipment and materials.

Moreover, law enforcing agencies and other government organisations also use the pickups.

Some also observed that the reduction of import duty to import hybrid cars may not bring any fruitful result as the infrastructure and the other-related facilities are yet to be made available for the new technology.

Hybrid technology is expensive and the relaxation of tax would only help market luxury cars for comparatively lesser prices in Bangladesh and will not benefit the middle-class or the upper middle-class families, they said.

Some apprehended that the imbalance in taxation between hybrid and non-hybrid cars will encourage unhealthy competition in the sector.

Moreover, increased duty on prime mover or tractor trailers, which are used for the movement of big containers in port and by industries, is likely to push up costs.

BB reconsidering cap on credit card interest rate

FROM PAGE B1
The interest rate ceiling will reduce banks' profitability as the monitoring cost for unsecured loans is high, said a top executive of a private bank.

"The cost to ensure cybersecurity is also high," he added.

The average interest rate on consumer loans is very low in the market: it stood at 9.52 percent in April in contrast to 9.62 percent for other loans.

The new guideline for credit card operation will now be implemented from January, said the BB official.

Previously, it was supposed to take effect from the date of issue of May 11.

Another revision to the guideline that the BB is considering is allowing dual currency for supplementary credit cards. The original guideline restricted supplementary credit cards to only local currency.

Exports to US on the decline

FROM PAGE B1
"Bangladesh should devalue its currency between 7 percent and 10 percent to recover exports to the US," Mansur said.

He also suggested cash incentives should be provided against the exports to the US for a certain period but not permanently.

"Both Vietnam and China are well ahead of Bangladesh in lead time for their geographical proximity," said Siddique Rahman, president of Bangladesh Garment Manufacturers and Exporters Association.

Moreover, Bangladeshi manufacturers have to import fabrics from other countries as the local weavers cannot supply the fabrics timely. Bangladeshi weavers can supply only 40 percent of the fabrics to the garment makers and the remaining demand is met through imports.

The BGMEA chief also blamed the inefficiency of Hazrat Shahjalal International Airport and Chittagong port for the longer lead time. For instance, it takes at least 10 days to receive the samples sent by the Western retailers from the Dhaka airport. "The samples should be received within 24 hours."

"We along with the government worked with the airport authorities to resolve the problems, but the situation remained almost the same." Still, the goods are left out in the cargo village unattended for many days. "The government should improve the airport efficiency immediately."

A similar situation is also prevailing at the Chittagong port, Rahman added.

Regarding the appreciation of the taka against the US dollar, he echoed the opinions of Mansur.

Retail Holdings sells more shares in Singer

FROM PAGE B1
The company is also a big player for several other products in the country. The company traditionally has been selling its products in Bangladesh using the Singer brand. In 2005, the company began selling products of other brands such as Godrej, Haier, Huawei, LG, Skyworth, Videocon and Whirlpool.

Singer Bangladesh has its own manufacturing facility that assembles televisions and air conditioners and manufactures refrigerators and furniture. It can manufacture 35,000 colour television sets, 7,000 motorcycles and 4.47 crore metre cables per year.

Its earnings rose 30.3 percent year-on-

year to Tk 900 crore last year, recording strong sales in all key product categories. Its gross profit increased 40.7 percent year-on-year in 2016 with gross profit margins rising to 28.8 percent from 26.7 percent a year ago.

Last year, the company's profit after tax went up 48.2 percent to Tk 54.63 crore and its earnings per share rose to Tk 7.12.

The company announced 70 percent cash dividends in 2016, maintaining its long history of robust dividend payments.

Institutional investors owned 9.51 percent shares of the company, foreign investors 2.67 percent and retail investors 17.72 percent as of January this year.

E-commerce to the rescue of Eid shoppers

FROM PAGE B1
"Through the online platform, they can buy clothes and accessories of renowned local brands," said Razib Ahmed, president of the e-Commerce Association of Bangladesh (e-CAB).

The growth from the remotest part of the country is a new phenomenon, he said, adding that online purchasing by rural customers has increased at least 50 percent this Eid. Rahul of eCourier corroborated Ahmed's account.

"We are now mostly delivering outside Dhaka," he said.

Of Daraz's current orders, 45 percent are from Dhaka city and 10 percent from the small district level, according to Hoq. The development is heartening for the e-commerce players as it means customer trust on

the platform is rising.

Of Bagdoom's total sales, 6 percent is paid through bank cards, which was less than 3 percent a year ago.

Around 20 percent of the people are also paying through mobile financial services and this number was very little last year, Bagdoom's CEO said.

"People are paying before getting their products and that means they are starting to trust us. This is a very good phenomenon for the industry," Huq added.

Rahul said it would be better if the payment system goes completely online, doing with the option of paying cash upon delivery.

Delivery persons sometimes get mugged for the parcels and cash. "If the payment goes completely online then

definitely this situation will not be this bad," he added. Currently, there are 1,000 e-commerce entrepreneurs in the country, while another 1,000 run their business via Facebook.

The country's total e-commerce market size is more than Tk 1,500 crore a year, according to Daraz.

However, according to e-CAB, the market size of e-commerce business is about Tk 1,000 crore, which is growing at around 20 to 30 percent a year.

At present, there are 6.76 crore internet users in the country, according to Bangladesh Telecommunication Regulatory Commission, and this number is growing rapidly.

There are 16 lakh regular online customers, with the number increasing ahead of festivals, according to Daraz.



Manoj Kumar Biswas, general manager at sustainable finance department of Bangladesh Bank, and Mohashin Miah, CEO of First Finance Ltd, exchange the signed documents of a deal on "Refinance scheme for green products", at the bank's head office in Dhaka yesterday.