



Rajesh Surana, CEO of LafargeHolcim Bangladesh, and Petr Dobry, technical expert on cement industrial performance at LafargeHolcim Singapore, pose along with the participants of a technical seminar on "Quality concrete for sustainable development", organised by LafargeHolcim Bangladesh at the Westin Dhaka yesterday.

Sri Lanka cuts taxes to boost economy

AFP, Colombo

Sri Lanka announced tax cuts and subsidised loans for small businesses and exporters Thursday, amid concerns a raging drought and flash flooding could drag on economic growth.

Officials had warned the government's growth target of 5 percent was unlikely after floods and drought destroyed crops, homes and industries across the island.

Sri Lanka recorded 4.4 percent economic growth last year before the floods in May and the onset of drought which has affected 1.5 million Sri Lankans.

Finance Minister Mangala Samaraweera said businesses would be offered heavy-subsidised loans up to 750 million rupees (\$5 million) and tax cuts for commercial

vehicles to encourage entrepreneurship.

Households meanwhile can access incentives for rooftop solar units, while a tax on broadband would be abolished to encourage greater internet use.

"Our measures today will increase economic growth and make this country an entrepreneurs' paradise," Finance Minister Mangala Samaraweera told reporters.

He said the package, announced ahead of the November budget, was expected to create 50,000 jobs, despite Sri Lanka suffering a severe labour shortage in areas like construction.

Hundreds died in floods and landslide in May, while a devastating drought has ravaged small-scale industries in the north and east of the island.

Walmart profits fall as it ramps investment to fight Amazon

AFP, New York

Walmart updated investors Thursday on its latest new gadgets and time-saving pickup options to lure shoppers to stores and away from arch-rival Amazon.

The good news? The company's array of investments in e-commerce, store beautification, low prices and higher employee pay are indeed driving up store traffic.

The bad news? Profits are down.

Walmart US, the biggest division at Wal-Mart Stores, scored a 1.8 percent rise in comparable sales in the second quarter compared with the year-ago period, its 12th straight quarter with positive sales in the closely-watched benchmark. Revenues rose 2.1 percent to \$123.4 billion.

But net income fell 23.2 percent to \$2.9 billion. Factors included more aggressive spending on e-commerce and low price investments, as well as costs of \$788 million connected to a one-time debt payment.

Executives expressed confidence in Wal-Mart's strategy and highlighted an especially strong performance in the US grocery business, which experienced the biggest jump in five years, in part due to price inflation in meat and produce.

Wal-Mart holds the biggest share of the US grocery market of any retailer, with its network of nearly 4,700 stores that the company says are located within 10 miles of about 90 percent of the US population

India's central bank governor says state banks need more capital

REUTERS, Mumbai

State-run banks will need more capital to resolve bad loan problems weighing on their balance sheets, Reserve Bank of India Governor Urjit Patel said on Saturday, adding his voice to calls for increased capital injections into lenders.

More than \$150 billion of bad debt is crimping credit growth in Asia's third-largest economy and the government and central bank have been trying to ease the burden on state-run lenders, which account for 70 percent of all lending, to get more credit flowing.

Patel said that the regulatory challenges of tackling bad loans were compounded by the weak capital position of some banks, particularly those owned by the government.

"The success and credibility of all the resolution efforts would be critically contingent on the strength of public sector bank balance sheets to absorb the costs," Patel told a conference in Mumbai.

"The government and the Reserve Bank are in dialogue to prepare a package of measures to shore up capital in a time bound manner."

Extra capital could be raised either by getting funds from the market, through the government diluting its stake in state-run banks, through additional government capital infusions, or the sale of non-core assets and mergers among lenders, he said.

"The early signs are encouraging. However we all must realize it will be a long haul before the intended objective are fully achieved," the governor said.

Patel also said that banks, whose weak lending discipline he blamed for the mountain of problem loans, would need to take haircuts as they tackle bad debts.

Moody's Investors Service said in June that the 11 Indian state-run banks that it rates could need up to 950 billion rupees (\$14.8 billion) in equity capital by March 2019, far above the 200 billion rupees the government plans to inject into state banks by then.

The central bank in June identified 12 of India's biggest loan defaulters and said creditors must pursue bankruptcy proceedings against them, part of a new bankruptcy regime that regulators are compelling lenders to use to recover debts.



M Kamal Hossain, managing director of Southeast Bank, hands over a cheque for Tk 15 lakh to Md Iqbal Bahar, Chittagong Metropolitan Police Commissioner and president of Metropolitan Shooting Club, Chittagong, at a ceremony yesterday to organise shooting competitions.

China widens crackdown on overseas deals

REUTERS, Shanghai

A recent crackdown by China on overseas investments has been assumed to be mainly focused on high-profile acquisitions of things like hotels and football teams around the world.

However, Chinese regulators also appear to have their eyes on two other lower-profile industries: gambling and sex.

China's cabinet on Friday issued rules on acquisitions abroad for the first time, possibly signaling a further slowing of the flood of money that has flowed overseas in recent years.

Investment in property, hotels, entertainment, sports clubs and film industries would be restricted as part of the new guidelines, which the cabinet said were aimed at defusing risks and preventing crime. But it also said that overseas investments in the gambling and sex sectors, as well as exports of core defence technologies, would be banned as such activities could endanger national interests and security.

The statement did not elaborate on what it meant by the sex and gambling industries, but Chinese businesses have been prolific builders of casinos in countries such as Laos and on the Pacific island of Saipan that are popular with Chinese gamblers. Gambling is banned on the mainland.

Although Beijing began its crackdown on what it calls "irrational" overseas investment at the end of 2016 by tightening control on capital outflows, it had not issued official rules until Friday.

The new rules and heightened scrutiny surrounding foreign investment in China "adds another layer of uncertainty and complexity to Chinese deals," said Tony Balloon, a partner in law firm Alston & Bird. "As early numbers indicate, cross-border deal activity among Chinese companies has dropped in the first half of 2017 from the same period last year," he said.

Thomson Reuters data released this week showed that all outbound mergers and acquisitions from China dropped 42 percent year-on-



A ball is seen on a roulette wheel in front of slot machines at Gaming Expo Asia in Macau.

year as of August 14.

But Chinese acquisitions in countries officially linked to the Belt and Road initiative, a signature foreign policy of President Xi Jinping, totaled \$33 billion, surpassing the \$31 billion tally for all of 2016, the data showed. Chinese companies have been on a global buying spree, snapping up football clubs, movie studios and skyscrapers, but they have hit road bumps in recent months thanks to financing restrictions.

"There are profound changes taking place in China and abroad that offer good opportunities for Chinese firms to undertake overseas investment but also carry many risks and challenges," the State Council said in the statement.

It said investment that promoted the Belt and Road initiative, and in areas such as technology and manufacturing, would continue to be encouraged but that deals in "sensitive" countries and regions would be restricted.

The state-run Chinese Securities Journal reported on Saturday that companies such as the insurer Ping An, Suning Commerce Group Co Ltd, a retail giant, and the conglomerate Dalian Wanda had responded positively to the new guidelines.

The newspaper quoted Wanda's chairman, Wang Jianlin, as saying that the company would strengthen its due diligence procedures.

The three companies have been among corporations whose overseas deal-making have been hit by Beijing's crackdown. Other companies include HNA Group, Anbang Insurance, Fosun International and Zhejiang Luosen, which was behind the purchase of the AC Milan football club.

Citigroup tops bank group for Petrobras unit IPO

REUTERS, Sao Paulo

Citigroup Inc and seven other banks will underwrite the initial public offering of Petróleo Brasileiro SA's fuel distribution unit, which will likely occur in November, a person with direct knowledge of the plan said.

Petrobras, as Brazil's state-controlled oil company is known, is considering whether to list BR Distribuidora SA in São Paulo and New York, where a growing number of investors have shown interest on the transaction, said the person, who spoke on Thursday and asked for anonymity in order to discuss the plan freely.

Petrobras has stuck with Citigroup's investment banking unit since the idea of an IPO for BR Distribuidora was first floated early in 2015. Between 30 and 35 percent of BR Distribuidora could be sold in the IPO by November, which the person said could be the last "market window" of this year.

In addition to Citigroup, the oil company has now enlisted the investment-banking units of Bank of America Corp, Morgan Stanley & Co, JPMorgan Chase & Co, Banco do Brasil SA, Itaú Unibanco Holding SA, Banco Bradesco SA and Banco Santander Brasil SA as underwriters for the plan, the person added.

Rio de Janeiro-based Petrobras declined to comment. The person declined to elaborate on the potential size and additional terms of the BR Distribuidora offering.

Media representatives for Morgan Stanley, Bank of America, Itaú, Bradesco and Banco do Brasil declined to comment. The other banks had no immediate comment on the IPO.

By lining up a list of top-notch banks for the plan, Petrobras is signalling that the IPO is key to boosting productivity and diminishing political meddling in subsidiaries like BR Distribuidora, bankers recently said. According to one of them, the fate of the IPO hinges on "a strong underwriter lineup and a clear commitment to stricter governance."

Preferred shares of Petrobras, the company's most widely traded class of stock, accelerated gains on the news and closed 4.2 percent higher on Friday at 13.60 reais, a two-week high. By listing BR Distribuidora on more than one exchange, Petrobras could bolster demand for the stock and give investors greater choice over where they can trade their shares. The IPO also poses a litmus test for Petrobras, which recently faced a US government probe linked to a massive corruption scandal in Brazil.

After a series of interruptions in the past two years, Petrobras revived the BR Distribuidora IPO in June to cut debt and capital spending in low-return activities. Petrobras is increasingly relying on asset sales and spinoffs to trim the largest debt burden of any major oil company, at about \$95 billion.

BR Distribuidora would be listed in the São Paulo Stock Exchange's Novo Mercado segment - which has the strictest governance standards and demands a minimum so-called free float of 25 percent.

Another alternative under discussion is to list the unit in Brazil but allow international investors to buy the stock through the US Securities and Exchange Commission's 144A rule, the person said.

The rule allows investments by qualified institutional buyers, which could help BR Distribuidora tap a category of investors that otherwise may be unwilling to finance the company through other means, the person said.



Tofail Ahmed, commerce minister, attends a programme at Radisson Blu Dhaka Water Garden on Friday, where BBS Cables signed a deal with cable machine manufacturing companies of Germany, Italy, China and India, to set up BBS's factory unit 2 for producing up to 220 (245) kV voltage grade HV/EHV power cables. Abu Noman Howlader, managing director of BBS Cables, was also present.

Fiat Chrysler an enticing takeover target for China

AFP, Detroit

Italian-American car maker Fiat Chrysler Automobiles would be an alluring takeover target for a Chinese company, instantly putting it at the top rung of the US auto industry, analysts say.

In July, a well-known but unnamed Chinese automaker made at least one offer to buy Fiat Chrysler at a price supposedly above its current market value, the industry news site Automotive News reported earlier this week.

Fiat Chrysler declined to answer questions from AFP but its share price jumped nearly 10 percent on the news.

According to Automotive News, the Italian-American auto giant rejected the Chinese company's advances, because the offer was too low.

With sales of its models ebbing in the United States, a Chinese acquisition could offer a lifeline to Fiat Chrysler, in particular for its Chrysler, Dodge and Fiat brands.

A sale also could provide the means for the company to boost its research and development.

"It won't be a merger. It will be an outright sale," said Joseph Phillippi, president of Auto Trends Consulting.

He notes that Fiat Chrysler produces the Jeep and Ram brands which not only are popular in the United States but also in China and elsewhere.

"FCA would get access to small cars that would be made in China but could really be something pretty nifty with FCA's design help."

Fiat Chrysler would not be the first major automaker to come under Chinese control or to look for ways to break into that huge market.

Sweden's Volvo was acquired by China's Geely in 2010 and has seen strong sales growth since, with the Chinese market accounting for 20 percent.

US auto giant General Motors now sells more cars in China than in the United States, with 287,500 sold in China in July compared to 226,100 in the US market.

Before its 2009 sale to Fiat in a bankruptcy, Chrysler was one of the first US automakers to plant its flag in China at the start of the 1980s.

Fiat Chrysler sold 110,000 locally-built cars in China in the first half of the year, in particular thanks to rising sales of Jeeps built by a joint venture with GAC Group.