

Verdict for Samsung heir weighs on telecom giant

AFP, Seoul
The heir to the Samsung empire faces the verdict in his corruption trial Friday, which threatens to leave the world's biggest smartphone maker rudderless for more than a decade.

Lee Jae-Yong, vice chairman of Samsung Electronics and the son of Samsung group chairman Lee Kun-Hee, has been groomed all his life to take over the giant conglomerate founded by his grandfather in 1938.

It is by far the largest of the chaebols, the family-controlled firms that dominate Asia's fourth-largest economy, which some South Koreans self-mockingly dub the "Republic of Samsung".

Its turnover is equivalent to a fifth of the national GDP and it has long had close, opaque connections with political authorities.

But now prosecutors have demanded a 12-year sentence for Samsung's 49-year-old "crown prince" if he is convicted of charges including bribery and embezzlement in connection with the corruption scandal that brought down presi-

dent Park Geun-Hye.

Park, dismissed from office in March after public fury, is on trial separately accused of offering policy favours to tycoons including Lee who enriched her secret confidante Choi Soon-Sil, with Samsung handing over around \$40 million.

Lee has been detained during his trial, and the prospect of his being imprisoned for years has sent shockwaves through Samsung, where the founding family's rule has been taken for granted for decades.

The Lee clan directly owns about five percent of Samsung Electronics shares, but maintains its grip on the wider group through a byzantine web of cross-ownership stakes involving dozens of companies.

Although Samsung's day-to-day business is maintained by the elite CEOs at each unit, analysts say they would be unwilling to make -- and take responsibility for -- costly decisions over large-scale acquisitions or investments without family approval.

"In South Korea, such decisions are often

endorsed by the patriarch of a ruling family," said Chung Sun-Sup, the head of corporate analysis firm chaebul.com.

Lee Jae-Yong's sister Boo-Jin, who is in charge of the group's fast-growing hotel business, was once touted as a potential stand-in. But many dismiss the possibility, saying she has few allies and little management experience at Samsung Electronics -- the crown jewel of the group.

Despite Lee's absence Samsung Electronics has reported stellar profits in recent months, sending its share price soaring, thanks to booming demand for its memory chips used in computers, servers and mobile gadgets.

Analysts say it is reaping the benefit of radical decisions made years ago under the senior Lee's rule, including the construction of new chip factories that cost billions of dollars.

"With so much uncertainty at its leadership, Samsung may move more slowly than before to make the kind of bold, large-scale investments that made it so successful today," Chung told AFP.

US new home sales growth hits 10-month low

AFP, Washington

New US home sales hit a 10-month low in July as prices forged higher, pointing to a possible slowdown in demand, official figures showed Wednesday.

The sharp monthly drop in sales reversed two consecutive months of gains and was largely driven by a record sales plunge in the western United States, according to the Commerce Department.

Analysts in recent months have said the market is exceedingly tight, with supply failing to keep pace with demand, pricing new would-be homeowners out of the market.

Sales of new homes fell 9.4 percent for the month to an annual rate of 571,000 but

the decrease appeared larger after June's numbers were revised upward by more than three percent. Analysts had been expecting a decrease of only 2.3 percent.

July's numbers are also subject to revision but year-over-year the result was still 8.9 percent below July of 2016.

Economists said Wednesday, however, that the dip in sales might not be statistically significant because it was within a large 12.9 percent margin of error.

"The trend in new home sales has risen this year and inventory remains tight though the number of homes for sale has risen by 16 percent over the past year," Ian Shepherdson of Pantheon Macroeconomics said in a research note.

Another 1 lakh tonnes of rice on way

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Flash floods in six northeastern haor districts and fungal attacks (rice blast) in 19 districts during the Boro season have led to the loss of 20 lakh tonnes of the crop, according to the food ministry.

At least 20 districts in the north and elsewhere in the country have been flooded over the past few days. As a result, the Aman crop may also be affected.

Against this backdrop, a cabinet committee meeting last week decided to import 20 lakh tonnes of food grains -- 15 lakh tonnes of rice and 5 lakh tonnes of wheat -- this fiscal year.

This is an 11 lakh tonne-addition to the government's earlier projected food import volume of 9 lakh tonnes.

Over the past two months, the cabinet committee approved the proposal for floating tender to import 3.5 lakh tonnes of rice.

Besides, the government is importing 2.5 lakh tonnes of rice from Vietnam on a government-to-government basis.

The food ministry also recently signed a deal with Cambodia to import up to 10 lakh tonnes of rice in the next

five years. About 2.5 lakh tonnes of the staple will reach Bangladesh by October this year.

Fuel import from India
The cabinet committee on purchase yesterday approved the import of 1.64 lakh barrels of diesel from Shiliguri in India with premium of \$5.5 per barrel.

The fuel will be transported on wagons via railway to the Parbatipur depot in Bangladesh from the Shiliguri terminal, said an official of the energy ministry.

In future too, oil will be imported to Bangladesh through pipelines from Shiliguri, he added.

Meanwhile, another committee -- the cabinet committee on economic affairs -- yesterday approved a draft agreement for importing fuel to Parbatipur from the Shiliguri marketing terminal of Numaligarh Refinery through the Indo-Bangla Friendship pipeline.

The cabinet committee on purchase also approved various packages of rail line construction on the Dohazari-Cox's Bazar-Ghundhum route. The work for three components of the route will cost Tk 6,766 crore.

Ctg customs to auction off abandoned cargoes

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Importers tend to not take delivery of the import goods if they find the market price to be less than the import costs, according to sources in the port and the customs house.

The other reasons include: failure to get clearance permit, particularly in case of import of old machinery, or unwillingness to pay fines in case of detection of any irregularities. Analysing the import documents of the consignments, it appears that the imports comprised of: vehicles and motor parts worth about Tk 530 crore, fruits and edible commodities of Tk 510 crore, and raw materials like bitumen, stone, cement clinker and salt worth Tk 340 crore.

There were electronic items, steel pipes, steel structures, machinery parts as well as industrial raw materials, too. New hires were made by the Chittagong Customs House recently, so regular auctions should be expected from now onwards, Khan said. On August 13 sixteen containers containing 3.60 lakh kilograms of orange were auctioned off, while six containers carrying 1.49 lakh kg of apple were auctioned off on Tuesday.

The apples were imported by Chittagong-based fruit importer and trader Azizia Trade International from China in May. Contacted, Md Jashim Uddin, managing director of the importing firm, said they did not take delivery as they found the quality of the fruits to be unsatisfactory. They took some time as they were trying to negotiate the price with the exporter, he added.

Irregularities in Info Sarker-3 project

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Fiber@Home became the lowest bidder for a tender package for 1,307 unions and Summit Communications for the other package for 1,293 unions.

However, the BCC, an entity of the ICT division, said it has followed due procedures and found no violation in the project.

Apart from setting up the transmission network, the work order also allows Fiber@Home and Summit Communications to provide internet service to the end users, which is in violation of the NTTN licensing conditions, Hakim said.

"There is no scope to create confusion as the ISPs will provide the last-mile internet service. The NTTN operators will not take their business," said Abu Nasher, public relations officer of the ICT division.

The Executive Committee of the National Economic Council had approved the project by asking the concerned authorities to split the entire work into eight tenders.

But the steering committee of the project decided to limit the entire project to two packages upon influence from private NTTN operators, the ISPAB president said.

The tender was open to all five existing NTTN operators but only Fiber@Home and Summit Communications participated in the bidding.

The three government NTTN operators -- Power Grid Company of Bangladesh, Bangladesh Telecommunications Company Ltd and Bangladesh Railway -- abstained,

which raised questions, Hakim said.

The bids of the two NTTN operators suggest that they submitted their proposals based on mutual collaboration.

"The pattern of the bids suggests there was no competition among the entities. It was a clear violation of the public procurement act," Hakim said.

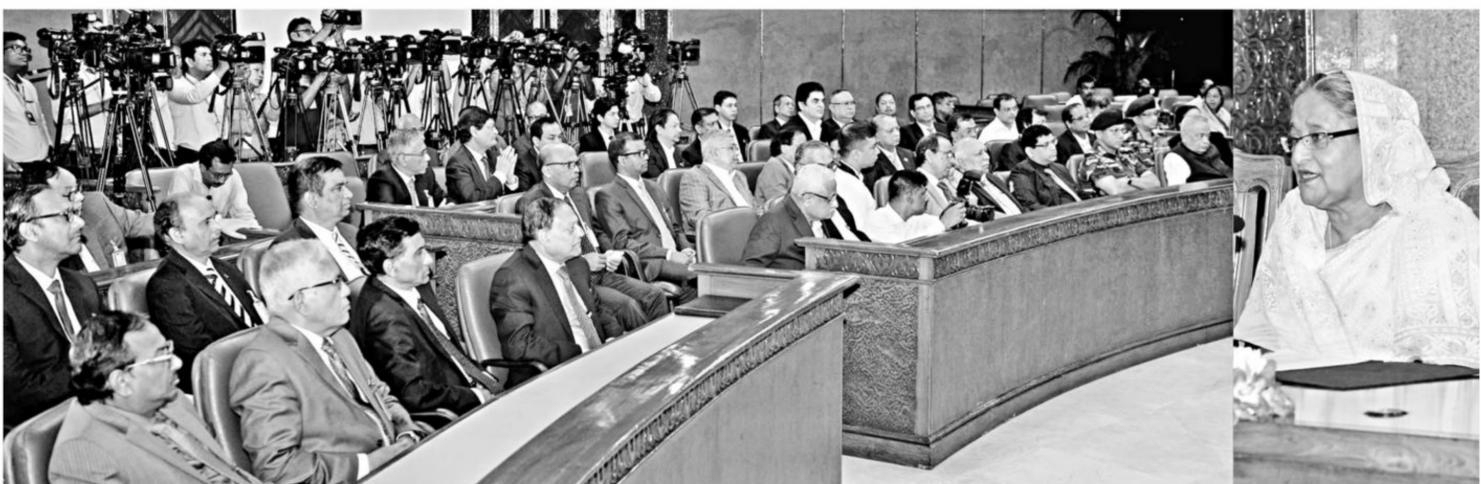
The ISPAB leaders alleged that the two companies are charging high although the government will supply all the necessary equipment and the BCC will allocate about Tk 400 crore for maintaining the network.

Furthermore, the BCC has signed agreements with the two NTTN operators for 20 years although the validity of such licences is 15 years, and both the licences were issued in 2009.

Last week, the association wrote letters to the prime minister, the finance minister, the concerned parliamentary standing committee and the telecom regulator informing them about the irregularities.

Referring to the Telecommunication Act, the ISPAB said no one can establish a transmission network without a proper licence. The BCC cannot own the established networks as it has no NTTN licence. The BCC earlier implemented the Info Sarker-2 project for about Tk 1,300 crore, taking internet connectivity to upazila level. Fiber@Home and Summit Communications implemented the project as well.

Private banks stand by flood-hit people



Prime Minister Sheikh Hasina speaks at a programme at the Prime Minister's Office in Dhaka yesterday, when private banks donated funds for the people affected by the recent flood across the country. Thirty nine banks gave Tk 85 crore as part of their corporate social responsibility activities, at the event organised by Bangladesh Association of Banks. Story on B1

