

# Japan aims to raise around \$12b in postal giant share sale

AFP, Tokyo

Japan said Monday it would sell off another chunk of the country's massive postal service in a share listing expected to raise about \$12 billion.

Tokyo is unloading up to 990 million shares in Japan Post, or about 22 percent of its outstanding shares, after an initial public offering in 2015 that began a long-delayed privatisation of the state-owned behemoth.

The latest sale could raise 1.3 trillion yen (\$12 billion) based on Monday's closing price of 1,321 yen. The selling price will be decided between September 25 and 27, the finance ministry said.

Some 1.43 trillion yen was raised in an IPO nearly two years ago that included shares in Japan Post's banking and insurance units. It was

the country's biggest privatisation since Nippon Telephone & Telegraph's 1987 IPO.

The bulk of the proceeds were earmarked for reconstruction after Japan's 2011 quake-tsunami disaster.

There are hopes that starting to privatise what is effectively the world's biggest bank by deposits could improve investor sentiment and spur efforts to free up Japan's highly regulated economy.

The sprawling postal group has a network of some 24,000 offices across the nation and sits on assets worth more than 290 trillion yen.

The branches offer services for cash deposits and insurance, with many ageing retirees withdrawing their pensions from a local branch.

That system has long drawn criticism both inside and outside

Japan. Financial institutions, courier services and foreign governments argue that the public body is operating in sectors where it unfairly competes directly with private business.

The government of former Prime Minister Junichiro Koizumi split the state-owned giant into units in 2007, to handle deliveries, savings, insurance and counter services at each of its post offices.

Tokyo initially retained full ownership of the firm.

But Japan is struggling with a debt load equal to more than twice the size of its economy -- one of the heaviest in the world -- and has been looking to sell off state assets to fund spiralling social-welfare costs.

Japan Post shares have not performed particularly well, closing below their 1,400 yen IPO price on

Monday.

Earlier this year the firm reported its first annual net loss since the 2007 split, which it blamed on an ill-fated \$5.1 billion purchase of Toll, an Australian transport logistics giant.

The purchase marked Japan Post's first overseas expansion and came ahead of the 2015 IPO, but a fall in commodity prices and a slowdown in Toll's domestic and Chinese business took a bite out of its bottom line.

Last year state-owned Kyushu Railway made its trading debut after raising some 416 billion yen in an IPO.

Tokyo sold shares in the struggling regional railway, better known as JR Kyushu, in hopes of attracting big-saving Japanese households as part of broader efforts to stimulate the economy.

## New AMD at Meghna Bank



STAR BUSINESS DESK

Johora Bebe has recently been appointed as additional managing director of Meghna Bank.

Prior to the appointment, she was deputy managing director of One Bank, the bank said in a press release.

Johora Bebe started her banking career as a senior officer at Agrani Bank in 1983.

She graduated from the Institute of Business Administration at Dhaka University.

## Emirates offers discounts for 100th A380

STAR BUSINESS DESK

Emirates is offering special discounts on airfares from Bangladesh in celebration of the addition of the 100th A380 aircraft to its fleet, complete with a new Onboard Lounge design.

For Middle East, fares start at \$610 (economy class) and \$1,370 (business class). For Europe, it is \$875 and \$2,685 and for the USA \$1,195 and \$4,390 respectively. All are inclusive of applicable taxes, the Dubai-based carrier said in a statement. The discounts are available for travel between September 15 and December 7 and tickets have to be booked from September 11 to 21.

Those interested in detailed information and booking of tickets can contact the Emirates offices in Dhaka, Chittagong and Sylhet or visit [www.emirates.com.bd](http://www.emirates.com.bd).

The airline presently operates thrice daily from Dhaka via Dubai to over 150 destinations in six continents. Its fleet of A380s, the largest in the world, reaches 47 destinations.

## Mercedes-Benz to offer electric option for every car by 2022

REUTERS, Frankfurt

Daimler's Chief Executive Dieter Zetsche on Monday said Mercedes-Benz will offer electric versions of all its models by 2022, converting its Smart city car brand to become fully electric.



M Shaifur Rahman Mazumdar, managing director of Chittagong Stock Exchange (CSE), and Kesara Manchusree, president of The Stock Exchange of Thailand (SET), exchange the signed documents of a deal on the sidelines of the annual assembly meetings of the World Federation of Exchanges at Bangkok in Thailand on September 7. As per the deal, CSE and SET will share and exchange knowledge, information and training. AK Abdul Momen, chairman of CSE, was also present.

## Turkey economy picks up in second quarter

AFP, Istanbul

Economic growth in Turkey picked up speed in the second quarter, and will likely exceed the government's target for the whole year, official data showed on Monday.

Gross domestic product (GDP) expanded by 5.1 percent year-on-year in the period from April to June, the Turkish Statistics Institute (TUIK) calculated.

That was faster than growth of 5.0 percent recorded in the first three months

of this year.

Growth was driven by all main sectors, with the agricultural sector expanding by 4.7 percent, the manufacturing industry by 6.3 percent, the construction sector by 6.8 percent and the services sector by 5.7 percent, TUIK said.

The government is pencilling in overall economic growth of 4.4 percent for the whole of 2017 and Prime Minister Binali Yildirim said at the weekend that the target would likely be exceeded.

## Tanners offering low prices for rawhide, making excuses

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Tanners say the quality of rawhides from Dhaka and the country's northern districts were usually good and those from Barisal, Chittagong and Noakhali were of a lower grade due to attacks by insects.

"We have already sent our representatives to different markets of the country to buy rawhides from merchants. We will continue purchasing rawhides for the next two to three months," Ahamed said.

Ali Hossain said this year over one crore pieces of rawhide would be processed into leather, including that of nearly 55 lakh cows, 40 lakh goats and 10 lakh buffaloes and sheep. Tanners have already invested nearly Tk 5,000 crore to set up new factories at the Savar leather estate and this had a negative impact on rawhide sales, he said.

The industries ministry claimed that 80 tanneries started operations at the Savar leather estate although industry insiders said the figure was hardly 40 till date.

That so many tanneries have halted operations or are running on a limited capacity also had a negative impact on the rawhide market, Hossain said.

He claimed that retailers bought raw-

hides at prices higher than the government fixed rates of Tk 50-55 per square feet.

Moin Uddin, deputy manager of the Savar leather estate, claimed that 85 tanneries had started operations and the number would cross 100 within next month as construction works were going on in full swing.

On the other hand, people who sacrificed animals say rawhide prices dropped over 30 percent compared to that following the previous Eid.

They said a medium sized rawhide of a cow sold between Tk 600 and Tk 800 this Eid but sold between Tk 1,200 and Tk 1,300 last year. The number of rawhide laden trucks arriving every day at the Savar leather estate is increasing.

This Eid, the price per square feet of cow rawhide was fixed at Tk 50-55 in Dhaka and Tk 40-45 outside. For that of he-goat, it was Tk 40-45 and for she-goat Tk 15-17.

Leather and leather goods are the second highest export earning sector after apparel. It raked in \$1.23 billion last fiscal year, up 6.29 percent year-on-year, according to data from Bangladesh Export Promotion Bureau.

## Savings tools face reforms

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In 2016-17, the government's goal of borrowing from the banking system was set at Tk 38,938 crore. Later it was revised down to Tk 23,903 crore. But the government had not borrowed a single taka from banks, rather it repaid Tk 16,885 crore.

Finance Minister AMA Muhith said several times that the rate of interest on savings instruments would be cut.

The finance ministry has also formed a committee to deal with the issue.

The finance ministry official said various quarters, including the bureaucrats are opposed to lowering the rate of interest as it would affect low-income groups.

In June, Agriculture Minister Matia Chowdhury criticised Muhith's plan to cut the interest rate on saving certificates.

## That's It Fashions to buy 1.1cr Pubali Bank shares

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As on July 31 this year, sponsors and directors held 28.89 percent share in the bank, below the mandatory 30 percent threshold set by the Bangladesh Securities and Exchange Commission in 2011.

The new share purchase will take the sponsors and directors' holdings to above 30 percent," said Mondal.

Pubali Bank is the country's largest private commercial lender with 455 branches.

## BATB seeks quick end to tax dispute with NBR

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The dispute started in 2009, when the NBR learnt that BATB was selling two brands of cigarettes, Bristol and Pilot, as low-end ones even though they were of similar quality to its mid-range cigarette brands such as Star and Scissors.

In fiscal 2012-13, the NBR observed that the sales and production of Bristol brand cigarettes were higher than the mid-range brands, which prompted the NBR to conduct tests of the quality of the cigarettes of the three brands in 2013 by the Bangladesh Council of Scientific and Industrial Research.

The BCSIR said the three branded cigarettes were the same, meaning BATB allegedly evaded VAT and SD by selling the mid-range brands as low-priced ones.

Subsequently, the revenue authority in 2013 demanded BATB to pay Tk 1,924 crore as VAT and SD for selling Pilot and Bristol brands as low category cigarettes between 2009 and 2013.

The multinational company took the matter to the High Court in 2013, whose verdict was given in March last year. The High Court directed BATB to deposit a total of Tk 1,780 crore to the national exchequer.

Unhappy with the High Court verdict, BATB went to the Appellate Division, where the matter is still

pending.

"BATB is keen to solve this unacceptable problem," said Irum Iqbal, its corporate affairs manager.

"Thus, we are going through the legal proceedings. As ADR is always preferred by everyone even in law, we are also trying this opportunity. We are cordial to solve this problem through discussion to avoid the long legal proceedings."

The court has granted time in this matter and has observed that any steps can be taken to resolve this matter in the meantime, she added.

In the meantime, BATB was pursuing the government's higher-ups as well as the British and Bangladesh High Commissions in Dhaka and London to resolve the issue on the ground that the retrospective VAT claim was 'discriminatory and unlawful'.

BATB, in a letter to Blake in April last year, said the cigarette prices are regulated by the government and that it had taken due price approvals for the brands.

The cigarette manufacturer also said upon a NBR request, the law ministry reviewed the demands and clearly opined that the retrospective VAT and SD demand are illegal.

The NBR's claim was more than three times BATB's profit-after-tax and if it is forced to pay the sum its business viability will be under

serious threat, said BATB Managing Director Shehzad Munim in the letter to Blake.

The key stakeholders of BATB have also indicated that they may opt for the International Court of Arbitration and seek justice on the ground of discrimination and unlawful practice under the bilateral investment treaties between the two governments, the letter added.

In her letter to Muhith last month, Blake said the British high commission was aware of the government's legal opinion that since "cigarettes are a consumer product, the price including any VAT, has already been paid at the point of purchase and so there was no scope to hold the manufacturer liable to pay VAT on a retrospective basis".

Blake's intervention to help a British tobacco company to avoid paying tax owed to one of the world's poorest countries has provoked anger among health organisations and transparency campaigners, both in the UK and in Bangladesh, who say that it breaches strict World Health Organisation rules on lobbying, according to a report published by the British daily The Guardian.

"It is entirely appropriate that the UK government supports British businesses overseas. Our actions were in line with guidelines and the

## Artificial intelligence holds bright prospects: experts

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"A common debate has already arisen that the use of AI can reduce job opportunities but I think that will not happen. The use of AI will also create new jobs, which will help in maintaining equilibrium."

Companies in Bangladesh lag behind the ones in the developed countries, as they are still adopting a go-slow policy to use AI, he said.

AI makes it happen what people used to read in science fictions decades ago, Noor Taus said.

Driverless cars are now a reality in the developed world through the use of mathematical algorithms, he said.

Amazon and Facebook are using AI technology extensively to design their products, he said.

The Bangladesh market has huge potential for artificial intelligence, said SM Ashraful Islam, executive vice chairman of eGeneration Group.

"The benefits of AI for public health, agriculture, traffic management, national security, manufacturing and service industries pose a lot of opportunities for us that we must explore."

He suggested the collaboration between the government, academia and industry is needed to prepare the country for adoption of AI.

Japan is now rapidly increasing their productivity and smartly managing traffic by using AI, Islam said.

## Agent banking accounts soar 60pc

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"Agent banking is getting popular because it is cost-effective," Abul Kashem Mohammad Shirin, managing director of Dutch-Bangla Bank, earlier told The Daily Star.

Subsequently, banks are fast buying into this concept.

In the first six months of 2017, seven banks have signed up for agent banking licence to take the tally to 17.

Of the 17 banks, 12 are already running their own agent banking operations, with one in the process of rolling out their service.

The banks that are providing agent banking services are: Dutch-Bangla, Bank Asia, Al-Arafah Islami, Social Islami, Modhumoti, Mutual Trust, NRB Commercial, Standard, Agrani, Midland, First Security Islami, and City Bank.

Of them, Dutch-Bangla is the market leader with its 1,454 agent outlets and 5.75 lakh agent banking accounts.

It is followed by Bank Asia, which has 1,238 agent outlets and about two lakh agent banking accounts.

Agent banking is growing in prominence

due to increasing financial literacy and awareness about the channel, said Arfan Ali, president and managing director of Bank Asia.

"Besides, the agents have won people's trust," he said, adding that agent banking allows banks to offer a wider range of products and services than through the mobile banking platform.

The agents provide services such as cash deposits, withdrawals, remittance disbursement, small-value loan disbursement, loan recovery and cash payments under the government's social safety net programmes.

In contrast, only account deposits and withdrawals can be made through the mobile banking platform. At the end of July, the total number of mobile banking accounts stood at 5.44 crore.

However, there are risks to agent banking such as choosing the right agent and liquidity management in remote areas, Ali added.

The central bank has formed a committee to prepare a comprehensive guideline to make the agent banking service easier, said a senior BB official.