

# Europe's drug industry waits for white smoke in Brussels

REUTERS, Brussels

It may be a cross between the Eurovision Song Contest, a papal conclave and a social club raffle but a ballot among EU ministers on Monday could hurt Europe's pharmaceutical industry and the health of millions.

It will fix the new home of the European Medicines Agency, which must leave London by 2019 when Britain leaves the European Union; most of its 900 staff may refuse to move to many of the 19 cities in the running, the EMA warns. Replacing them would delay drug approvals and patient safety checks.

Yet the result, diplomats agree, is utterly unpredictable; months of horse-trading on issues unrelated to healthcare will end up in hours of haggling between secret ballots in Brussels on Monday night. It could even come down to drawing lots.

"Nobody really knows what is going to happen," one diplomat said. "They will be locked there for

hours ... You can try to secure some backing but it's a secret ballot and you have no way of checking whether what you agreed was honoured."

The fate of the 160-strong, London-based European Banking Authority (EBA) will also be decided at the meeting of EU affairs ministers from the other 27 member states meet. But it is the promise of spin-off jobs and travel billions for the city that the EMA will transform into a hub for Europe's medical industry which is firing up intense national bidding rivalries.

The extent of the field is, in the memory of EU officials, probably unprecedented. Early talk of the EU executive winnowing down a short list on the basis of "objective" criteria went unheeded as governments have waded in for a share of the spoils.

Milan, Amsterdam and Barcelona campaigned hard. But there is a push from eastern states, whose tardy membership means

they host fewer offices. Slovak capital Bratislava is a contender even though an EMA survey of its staff found most of them might quit if posted to the bloc's poor eastern regions.

A first ballot, to start from about 4 p.m.(1500 GMT), will see ministers rank their top three choices. Unless a majority makes the same first choice there will be a second vote among the top picks then a third-round runoff. If it is still tied, the Estonian meeting chairman will simply draw lots.

The six countries not bidding for either agency have been courted assiduously and may seek favours elsewhere. Luxembourg and the Czech Republic are not bidding for the EMA but want others' votes in their bids for the EBA. Whoever wins the EMA must then drop out of the running for the Banking Authority.

Giving an example of how the EU's interlinked matrix of decision-making affects such votes, several diplomats said Slovakia might

trade any disappointment at not getting the EMA into support for its finance minister taking the chair of the Eurogroup, which runs policy for the single currency area.

Senior officials liken the process to Europe's annual TV music schlock-fest, when the winner of the Eurovision Song Contest is often determined by viewers phoning in votes for acts from like-minded neighbouring states and historic allies.

British bookmaker Ladbrokes has Milan the 2-1 favourite to secure the EMA, with Bratislava on 3-1 and Amsterdam 7-1. For the EBA, Frankfurt leads at 6-4 followed by Vienna and Dublin.

In Brussels, however, seasoned diplomats hesitate to quote odds: "The most likely result is one that will be perverse," said one, recalling previous upsets behind closed doors.

Another referred to closeted cardinals electing popes at the Vatican: "In the end," he said, "We will get the white smoke."



CANCHAM BANGLADESH

**Masud Rahman, president of the Canada Bangladesh Chamber of Commerce Industry (CanCham), meets François-Philippe Champagne, international trade minister of Canada, on the sidelines of a Canada-India tech summit 2017 in New Delhi last week.**

## UK govt to consider tax on throwaway plastic

REUTERS, London

Britain's finance department said on Saturday it expected finance minister Philip Hammond's budget statement next week to include a consultation on taxing and charging environmentally damaging single-use plastics.

Single-use plastics include packaging and bubble wrap, polystyrene takeaway boxes and throwaway coffee cups.

The finance ministry said the move would build on the introduction of charges for

plastic bags, which has led to an 80 percent reduction in UK plastic bag use since 2015.

"The Chancellor is expected to announce in the budget that this work will specifically look at taxes and charges to help prevent pollution, and protect the environment," the finance ministry said.

It said the consultation is expected to launch in the new year and will take into account another government consultation on deposit return schemes for drinks containers.

## China to support Bangladesh in earning middle income status

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"We've already built eight bridges and we've planned for the ninth, 10th and 11th. We hope this assistance could help meet the development needs of Bangladesh," he said.

Yi said China has been actively participating in the big infrastructure projects in Bangladesh and has also provided some concessional facilities in the process.

This year alone, Yi said, the concessional loans China has extended to Bangladesh already reached \$5 billion.

"The figure could be even higher if we take into account other major projects been discussed."

Referring to criticism about Chinese loans, he said: "We have heard some narrative that China's loans and concessional facilities have put heavy debt burden on

other developing countries."

"I believe Bangladesh will disapprove of such narrative because all the loans have been provided in light of the actual needs."

As a good friend of Bangladesh, he said China will continue to provide assistance within its capacity.

The minister said he came to Bangladesh mainly to observe the outcomes of Chinese President Xi Jinping's visit to Bangladesh in October last year, the progress in the China-Bangladesh cooperation and to discuss the Rohingya issue.

On his meeting with Prime Minister Sheikh Hasina and Foreign Minister AH Mahmood Ali, he said: "Our two sides have agreed that we shall continue to firmly support each other on issues of co-interest and major concerns effectively."

## Moody's withdraws RCom's credit rating after missed payment

REUTERS, Mumbai

Rating agency Moody's said on Friday it has withdrawn its credit rating on Reliance Communications, as it considers the Indian telecom operator to be in default for missing an interest payment on its bonds that was due last week.

Debt-laden Reliance Communications posted a fourth straight quarterly loss last week and said it had failed to pay interest on some debentures, sending its shares tumbling.

"Moody's has withdrawn the ratings as a missed scheduled payment of either interest or principal is considered a default under Moody's definitions," the rating agency said in a note.

With net of debt of 443 billion rupees as of end-March, RCom - as the company is widely known - is the most leveraged listed Indian telecom company, and along with its rivals has been hit badly by a price war with upstart rival Reliance Jio, which is controlled by India's richest man, Mukesh Ambani.

RCom, controlled by Ambani's younger brother, Anil, is attempting to convert roughly 70 billion rupees of its debt to equity via a strategic debt restructuring plan.

As part of the plan, the company is under a debt standstill and hence there are no payments of interest or principal being made to RCom lenders or bondholders, said Moody's, adding it was thus withdrawing its 'Ca' corporate family rating on the company and its 'Ca' rating on RCom's senior secured notes.

Earlier in November, RCom signed a deal to sell its non-core direct-to-home business, in a bid to reduce its debt load.

## Surging global wealth prolonging record equity bull run

REUTERS, London

Have money, will invest. Coffers brimming from strongly growing economies and buoyant markets, the world's wealthy are providing fuel to history's longest ever equity bull run, lifting share markets to ever higher peaks.

The epic multi-year rally has sent world stocks to record highs more than 180 times so far in 2017, adding around \$7 trillion to the value of MSCI's all-country index .MIWD00000PLUS. But far from calling a top, money managers attending this week's Reuters Investment Outlook summit, predict even more in 2018.

Company earnings are growing at a double-digit clip, the investors argued, while central banks remain benevolent. And if share values are lofty, they are not yet seen as unreasonably so.

Undoubtedly true. But there is another potent catalyst as well -- rising wealth and a swelling "savings glut" as the global economy expands. Global wealth rose almost \$17 trillion in the past year to \$280 trillion, Credit Suisse's annual report said this week. Much of the new wealth is trickling into investment vehicles, from pension funds to sovereign wealth funds.

From the record-smashing \$450 million price tag this week on a Leonardo da Vinci artwork to a diz-

zying rise in cryptocurrency values, wealthy investors, appear desperate for things to buy.

"There remains an extraordinary amount of money looking for things to do. (With clients), the conversation starts or rapidly gets to 'we have more money than we have ideas'," Luke Ellis, CEO of hedge fund Man Group, told the summit in London. "Valuations are driven by more buyers than sellers."

Equity funds worldwide saw total net assets rise by a fifth in the past year to over \$20 trillion, according to Thomson Reuters fund research firm Lipper.

That may be helping to drive what Bank of America Merrill Lynch described as "capitulation into risk".

The bank's latest investor survey reported a record proportion of funds considered equities as overvalued even while overweight positions hit multi-year peaks.

"There is a lot more private wealth and saving that's flowing into markets. GDP growth over 6 percent in the world's second-largest economy (China) produces an enormous amount of wealth and that's only one country," said Mark Haefele, who oversees around \$2 trillion in strategies at UBS Wealth Management.

But if demand is buoyant, supply of equity is not.

In fact net supply was close to zero this year and last year because of share buybacks and weak IPO activ-

ity, JPMorgan pointed out in a note. Funds meanwhile invested around \$359 billion this year, after accounting for reinvestment of dividend income, it said.

"The increases in demand...have had a strong impact on the equity market because of close to zero net equity supply," JPM told clients.

Haefele was among summit participants betting on equity gains in 2018. Equity sentiment among clients was not yet "euphoric", he said.

Many dispute the rally is flows-driven, arguing the key draw is earnings growth at rates that are smashing expectations.

Luca Paolini, chief strategist at Pictet Asset Management, is in that camp. He says first that 16-17 percent annual equity returns are "absolutely average" in a bull market, and second, the gains are only slightly outpacing earnings growth which is running around 15 percent.

"The price-earnings expansion is just 3 percent. This is not a market driven by flows, otherwise PE would have gone up a lot more than 3 percent...this is a market driven by fundamentals," Paolini told Reuters in a phone interview.

Arguably, one area of concern is technology, haunted by memories of the late-1990s collapse in sector shares after a period of exuberant valuations.

## ActionAid barred from holding discussion on tax

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The event took place at a time the names of Bangladeshi companies and individuals came up in the Paradise Papers, a global investigation into the offshore activities of some of the world's most powerful people and companies.

Kabir said the government should take actions against illegal fund transfer.

A parliamentary committee should be formed to bring back the siphoned money, she said, adding that the government should also take actions against tax evasions by multinational companies.

AAB, in a report in 2016, said Bangladesh's inability to levy withholding taxes on dividend payments result in a revenue loss of \$85 million annually.



EXIM BANK

**Mohammed Haider Ali Miah, managing director of Exim Bank, opens the 115th branch of the bank in Bhola yesterday.**