Investment will face no hiccup in polls year: BIDA

STAR BUSINESS REPORT

BANGLADESH Investment Development Authority (BIDA) yesterday ruled out any possibility of disturbances in the inflow of foreign and local investment centring probable political turmoil in the year of parliamentary elections.

"I hope the political stability will continue in the country this year ahead of general election and there will not be any negative impact on the inflow of investment," said Kazi M Aminul Islam, executive chairman of the BIDA.

He said businesses have assurances like getting adequate gas and electricity, which were vital for setting up industrial units.

"So this time I do not see any major interruption in inflow of investment in the country," he said.

The comment came following a barrage of questions from journalists on poor inflow of foreign and local investment due to poor and slow progresses in reforms in the BIDA, resulting in stagnation in investment inflow.

The Dutch-Bangla Chamber of Commerce and Industry (DBCCI) and BIDA jointly organised a press conference at the Bangladesh Economic Zones Authority's Dhaka office ahead of a BIDA-DBCCI delegation's visit to the Netherlands and Belgium on April 18-25.

Islam could not exactly state the amount of investment Dutch companies made in Bangladesh over the last one year.

He said the BIDA was going to set up a much-expected "one stop service" by June or July to reduce delays and resolve problems regarding investment.

Islam said the government has been working to set up two liquefied natural gas terminals soon to reduce gas crisis in the industrial sector.

Replying to a query, he said Bangladesh exported goods worth $1 billion to the Netherlands last fiscal year while importing that worth $200 million.

Regarding the visit, Islam said the delegation would mainly try to woo Dutch and Belgian investment in sectors such as ICT, water management, agriculture and agricultural food processing.

On reforms in policies aimed at easing obstacles and reducing costs of business, Islam said a lot needs to be done by the BIDA to bring reforms of global standards.

Jeroen Steeghs, deputy head of mission of the Netherlands embassy, said apart from other forms of investment, Dutch company Philips has been doing business here over the last 50 years.

Suggesting that the government improve the business climate, he said there was a possibility of Dutch companies investing further.

Faruque Hassan, DBCCI president, said garment exporters have been working with the government over the last four years so that Bangladesh could enjoy GSP plus benefit after 2027, when the status graduation from least developed to developing country would occur.

Tata Group unlikely to bid for Air India

REUTERS, New Delhi/Mumbai

India's steel-to-autos conglomerate Tata Group, widely seen as a potential suitor for Air India, is unlikely to consider a bid for the state-run carrier as the government's terms are just too onerous, two sources familiar with the matter said.

India, keen to sell the loss-making, debt-ridden airline, finalised plans in late March to divest a 76 percent stake and offload about $5.1 billion of its debt.

But the government stipulated the winning bidder cannot merge the airline with existing businesses as long as the government holds a stake. The winner may also need to list Air India and abide by conditions designed to safeguard employee interests, restricting its ability to cut staff.

Reducing inequality is a challenge: Inu

Rights bodies launch resource centre for garment workers

STAR BUSINESS REPORT

INEQUALITY is rising alongside economic growth in the industrial sector and the government's major challenge is to reduce inequality, Information Minister Hasanul Haq Inu said yesterday.

The government will have to ensure development for the industry workers to remove inequality while trade unions have to be more active to bring good governance in the garment sector, he added.

Collective bargaining associations can ensure workers' rights through negotiations with factory owners, he said at the launch of Workers Resource Centre (WRC), in the capital's Cirdap auditorium.

The WRC aims to build capacity of trade unions in garment sector.

The jobless rate is increasing in Bangladesh due to automation and robotic technology, State Minister for Labour and Employment Mujibul Haque said.

Two leading workers' rights organisations—the National Coordination Committee on Workers Education and the IndustriALL Bangladesh Council—jointly formed the WRC with support from International Labour Organisation's Social Dialogue and Harmonious Industrial Relations project, funded by Sweden and Denmark.

The WRC will provide advocacy services, raise awareness and build capacity on workers' rights and dispute resolution.

A team of legal advisors will aid trade unions and federations in addressing labour disputes.

One main objective of the centre is to grow professionalism of trade unions by providing training to union members and workers.

The WRC office has been established in Tongi, a garments hub close to Dhaka, where trade union's trainings, meetings and conferences will be held.

ADB sees 6pc Asia growth but warns on risks from trade tensions

AFP

Vendors sell vegetables at an overpass in Manila. A pick-up in the global export demand has helped the Asian Development Bank lift the growth outlook for the developing Asia this year.

AFP, Hong Kong

THE Asian Development Bank lifted its outlook for growth in developing Asia this year thanks to a pick-up in the global export demand but it warned of risks from a potential China-US trade war.

Its flagship Asian Development Outlook on Wednesday also flagged the impact of technological advancements on jobs in the region, which it said could worsen already deep inequality.

The ADB predicted growth of six percent this year, compared with its previous forecast of 5.7 percent, and 5.9 percent in 2019.

The forecast comes against a backdrop of rising trade tensions between China and the United States, the world's biggest economies and key drivers of global growth.

Since President Donald Trump at the start of March imposed tariffs on steel and aluminium imports as part of his protectionist "America First" agenda, China and the United States have swapped tit-for-tat tariff threats on goods worth hundreds of billions of dollars.

ADB chief economist Yasuyuki Sawada said in a statement: "Though prospects are firm, risks are clearly to the downside. Protectionist measures and retaliation against them could undermine the recent pickup in trade growth."

The report said measures implemented by the US so far have not "discernibly dented" trade to and from developing Asian countries, but it added further actions and retaliation could hurt optimism.

It added a "less headline-grabbing" risk lies in diminished capital flows to the region if the US decides to raise interest rates faster than expected.

It predicted Chinese growth would slow this year to 6.6 percent and 6.4 percent in 2019 as it "leans further toward financial stability and a more sustainable growth trajectory".

The giant economy expanded 6.9 percent last year despite battles against a massive debt and pollution, while leaders look to transition its growth driver to domestic consumption instead of the exports and state investment.

Most Southeast Asian economies are projected to sustain or exceed the 5.2 percent expansion seen last year, with stronger domestic demand but moderating export growth.

And India is seen as the leading major economy, growing 7.3 percent thanks to banking reforms and improved productivity from a new tax system. South Asia will be the fastest growing in the region, the ADB says.

The Manila-based bank also warned that emerging technologies such as robotics, artificial intelligence and three-dimensional printing can fuel productivity but threaten jobs.

It cited the apparel and footwear industries in the region that are already experimenting with robotic production.

These developments have raised concerns that automation "could cause widespread job loss, slow wage growth, and worsen income inequality in developed and developing economies alike", it said.

As automation poses challenges to workers, new technologies may also create opportunities and jobs that require a different set of skills.

Workers who are not trained in skills such as digital literacy or "non-routine and cognitive tasks" may risk being left behind.

Traders gamed financial system to rip off others, London court told

REUTERS, London

FIVE traders from Deutsche Bank and Barclays gamed the financial system to rip off counterparties in a four-year plot to rig benchmark interest rates, prosecutors alleged on Wednesday.

James Waddington, a lawyer for the UK Serious Fraud Office (SFO), told London's Southwark Crown Court that the defendants fixed the odds "in a zero sum game" as he opened the prosecution case in a trial expected to last until the end of July.

The highest profile figure among those charged in the case -- former Deutsche Bank trader Christian Bittar -- pleaded guilty to conspiracy to defraud last month.

Waddington told the jury they now had to decide whether the remaining five defendants, one of whom is being tried in absentia, were part of the same conspiracy.

"They were involved in effectively gaming the financial system to rip off a lot of people they did business with," he told the court.

It is the fifth SFO prosecution of traders on conspiracy to defraud charges relating to benchmark rate manipulation in a six-year investigation.

Some of the world's most powerful financial institutions have paid around $9 billion to settle allegations of rate rigging. Deutsche Bank paid $2.5 billion in 2015 while Barclays paid $453 million in 2012.

Former Barclays trader Philippe Moryoussef, who was absent, Briton Colin Bermingham, Sisse Bohart, a Dane, Anglo Italian Carlo Palombo and Deutsche Bank's Achim Kraemer, a German, each deny a charge of conspiracy to defraud by dishonestly manipulating the Brussels-based Euribor between 2005 and 2009.

The group, aged between 39 and 61, is the first to be charged in relation to Euribor, the Euro counterpart of the London interbank borrowing rate (Libor) - a crucial benchmark for around $450 trillion of financial contracts and loans worldwide.

The jury was told that Moryoussef, a French former trader, is now living in France and has no intention of returning to Britain to take part in his trial. He has also waived his right to be legally represented.

His absence, however, did not mean he was guilty and did not add any support to the prosecution case, the jury was told.

Waddington said that the prosecution case revolved partly around the behaviour of Bittar and Moryoussef, who were "old friends" and said evidence would include telephone recordings and messages in which they and others discussed their plans and congratulated themselves on their success.

The traders were all successful, and all driven by the desire to make even more money by trying to nudge rates to levels that would increase profits or reduce losses, Waddington said, although Bittar stood out as the highest earner.

Bittar, a Frenchman who worked at the German bank's offices in London, saw his annual 130,000 pound base salary pushed up to a commission-based package of between three and 47 million pounds. He earned so much that Deutsche Bank struck a deal with him to reduce his package, Waddington said.

Belt and Road Initiative is not a Chinese plot: Xi

REUTERS, Beijing

Chinese President Xi Jinping

CHINESE President Xi Jinping's signature foreign policy plan to build a new "Silk Road" of infrastructure and trade links between China and Eurasia is not a "Chinese plot", Xi said on Wednesday, according to state media.

Xi's Belt and Road Initiative, unveiled in 2013, aims to bolster a sprawling network of land and sea links with Southeast Asia, Central Asia, the Middle East, Europe and Africa.

At a summit last May, Xi pledged $126 billion for the plan, but has failed to overcome suspicion in Western capitals, where officials suspect the professed desire to spread prosperity in the region is foremost an attempt to assert Chinese influence.

"The Belt and Road Initiative is not a Chinese plot, as some people internationally have said," Xi told a gathering at the annual meeting of the Chinese Boao Forum for Asia in the southern province of Hainan.

"It is neither the post-World War Two Marshall Plan, nor is it a Chinese conspiracy. If you had to (call it something), it's an 'open plot'," he added, the official news agency, Xinhua, said.

China has said projects along the routes of the Belt and Road will be open to investment from all, including third party nations, but some Western governments have voiced concern the deals will overwhelmingly favour Chinese companies.

Visiting China in January, French President Emmanuel Macron said Belt and Road could not be "one way".

In his opening speech to the forum on Tuesday, Xi said Belt and Road pacts had been made over the last five years with more than 80 countries and international bodies.

"China will not engage in geopolitical games for selfish ends, nor will it create an exclusive club, nor will it force trade deals on others from above," he said.

India, Saudi Aramco agree to partner on $44b refinery-petchem project

REUTERS, New Delhi

SAUDI Aramco and a consortium of Indian state refiners agreed to build a mega refinery and petrochemical project on India's west coast for an estimated $44 billion, oil officials at the signing of an initial agreement said on Wednesday.

Top executives of Saudi Aramco and India's Ratnagiri Refinery & Petrochemicals (RRPL) - a joint venture of Indian Oil Corp, Hindustan Petroleum Corp and Bharat Petroleum Corp - signed a memorandum of understanding to take equal stakes in the project in Maharashtra state.

The project includes a 1.2 million-barrel-per-day (bpd) refinery integrated with petrochemical facilities with a total capacity of 18 million tonnes per year, the officials said on the sidelines of the International Energy Forum.

The plant will be one of the largest refining and petrochemical complexes in the world, built to meet fast-growing fuel and petrochemicals demand in India and elsewhere, and providing a steady outlet for Saudi crude oil, they said.

"Large as this project may be, it does not by itself satisfy our desire to invest in India ... We see India as a priority for investments and for our crude supplies," Saudi Arabia Energy Minister Khalid al-Falih said.

"We're very much interested in retail ... We want to be consumer facing," he said.

Saudi Aramco will supply at least 50 percent of the crude to be processed at the planned refinery, officials said.

Aramco may introduce at a later stage another strategic partner to share its 50 percent stake, Falih said.

Saudi's petrochemical company SABIC is also keen to invest in a cracker and other facilities in India, he said.

Aramco, like other major producers, wants to tap rising demand growth and invest in the world's third-biggest oil consumer.

REUTERS/FILE

Logo of Saudi Aramco is seen at the 20th Middle East Oil & Gas Show and Conference in Manama, Bahrain.

Last year it opened an office in New Delhi.

India outlined plans in February to expand its refining capacity by 77 percent to about 8.8 million bpd by 2030.

The signing confirmed a Reuters story that ran earlier on Wednesday after representatives of Aramco held a marathon meeting with their Indian counterparts on Tuesday.

Saudi Aramco, the world's biggest oil exporter, is moving to invest in refineries overseas to help lock in demand for its crude, and expand its market share ahead of an initial public offering that is expected later this or next year.

During a visit to New Delhi in February, Falih had said Saudi Arabia would sign oil supply deals as part of any agreements to buy stakes in Indian refineries, a strategy it has adopted to expand its market share in Asia and fend off rivals.

Last year, Saudi Arabia pledged billions of dollars of investments in refinery projects in Indonesia and Malaysia that came with long-term crude oil supply deals.