Difficult to shield German firms after US withdrawal from Iran deal: minister

REUTERS, Berlin

Germany wants to help its companies continue doing business in Iran after the US decision to reimpose sanctions against Tehran, but it could be difficult to shield them from any fallout, Foreign Minister Heiko Maas said on Sunday.

US President Donald Trump's decision on Tuesday to renege on the 2015 nuclear accord with Iran and reimpose sanctions against Tehran came with the threat of penalties against any foreign firms involved in business there.

Germany - along with France and Britain - has said it remains committed to the nuclear deal. The foreign ministers of the three European powers will meet their Iranian counterpart in Brussels on Tuesday to discuss a way forward.

"I do not see a simple solution to shield companies from all risks of American sanctions," Maas told Bild am Sonntag newspaper.

"The talks with the Europeans, Iran and the other signatories to the agreement are therefore also about how it can be possible to continue trade with Iran," Maas said.

Maas said the Europeans wanted to ensure that Iran would continue to abide by the rules and restrictions of the nuclear agreement.

"After all, Iran is ready to talk. It's clear that there should also be economic incentives - that will not be easy after the US decision," Maas said.

The minister echoed calls from Chancellor Angela Merkel and other leaders that Iran should agree to a broader deal that went beyond the original accord and included Iran's "problematic role in the region".

The Trump administration portrayed its rejection of the nuclear agreement as a response, in part, to Tehran's interventions in the Middle East, underpinning Israeli Prime Minister Benjamin Netanyahu's tough line towards Iran.

KHAN BROTHERS GROUP

Tofayel Kabir Khan, managing director of Khan Brothers Equi-Build Ltd (KBEBL), a subsidiary of Khan Brothers Group, and Roger S Chey, director of Sigma for the Asia-Pacific, exchange documents after signing a deal at the Westin Dhaka on Saturday. KBEBL becomes the authorised distributor of the Korean lift maker in Bangladesh. Md Mujibul Haque, state minister for labour and employment, and Mohammed Enamul Kabir Khan, chairman of Khan Brothers Group, were present.

ZTE woes loom as US-China trade tensions rise

AFP, Washington

With a major Chinese smartphone maker on the rocks following US sanctions, the trade spat between Washington and Beijing appears to be taking a turn for the worse for tech firms in the two global economic powerhouses.

Chinese telecom giant ZTE said in the past week its major operations had "ceased" following last month's US ban on American sales of critical technology to the company, raising the possibility of its collapse.

ZTE depended on American chips and other components, and is unable to continue operating without key supplies.

US officials imposed the ban last month, saying ZTE failed to abide by an agreement to stop selling to Iran and North Korea.

While the ZTE case has a specific legal basis, the ban comes as US-China trade relations have hit a rough patch, amid an intense rivalry for supremacy in key technology fields such as artificial intelligence and 5G, the next-generation wireless systems in the works.

The US administration has barred military and government employees from using smartphones from ZTE and fellow Chinese maker Huawei.

President Donald Trump earlier this year blocked a deal that would have allowed a Singapore-based firm to acquire US chipmaker Qualcomm, claiming it would enable Huawei to set the pace the global rollout of 5G technology.

The trade troubles threaten a technology sector that is increasingly intertwined with major players in the United States and China.

"It's going to disrupt procurement, supply lines, it will affect a lot of companies in various ways," said one technology industry executive who asked to remain anonymous.

"Nobody's panicking yet but people are nervous and watching."

James Lewis, a technology specialist with the Centre for Strategic and International Studies, said the tensions are likely to prompt China to step up efforts to disconnect from the US tech sector.

"The biggest impact will be to accelerate China's desire to have non-American sources of supply," Lewis said.

"They don't want to be held hostage" to US tech firms.

Lewis said the technology trade tensions stem from genuine concerns in Washington that critical 5G and related telecom technologies will be dominated by China-based Huawei.

"Huawei is trying to become the telecom company for the world," Lewis said.

ADB tells govt to roll out nationwide agri-insurance

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Farmers in Bangladesh are more vulnerable to the vagaries of weather than most due to climate change making the country highly susceptible to the increasing monsoon floods and tropical cyclones.

But they cannot protect themselves against the devastating climatic events because traditional insurers have been unable to come up with suitable crop insurance schemes.

The ADB-administered programme allows a farmer to claim compensation from his/her insurer when certain climatic trigger points are hit, such as cyclone or tropical storm in a given area hits a specified magnitude or when rainfall rises above or drops a certain level.

Having this kind of cover would give farmers the ability to continue to plan and save for the longer term even if their harvests are suddenly and arbitrarily destroyed by bad weather, the ADB said.

A new weather index in conjunction with the Bangladesh Meteorological Department was generated using weather data for the past 25-30 years.

A total of 12,000 small farmers came under insurance coverage against the target of 6,000.

The ADB provided a grant of $2 million to run the pilot project in three districts: drought-prone Rajshahi, flood-prone Sirajgonj and cyclone-prone Noakhali. Some 20 automated weather observation machines were installed on the roofs of different upazila parishad buildings.

"The feedback from the pilot project is very encouraging," Parkash said.

A partnership between the public and private sectors is needed to make agri insurance less expensive to farmers.

The financial sector policymakers should acknowledge that agriculture insurance is a useful instrument to transfer financial risk away from the farmer, he said.

Parkash went on to advise financial institutions to introduce agriculture insurance tagged with farm credit to encourage farmers to take insurance coverage.

He also emphasised on adoption of technology for agriculture insurance to get early warnings, which will enable farmers to avoid weather risks.

Sadharan Bima collected a total of Tk 51.36 lakh as premium from farmers. Of the sum, subsidy from the ADB and government was Tk 21.97 lakh, according to a presentation made at the seminar.

So far, insurance claims amounting to Tk 53.46 lakh were settled under the project.

The pilot, which began in March 2014, will end on June 30.

"Crop insurance is popular in neighbouring India," said Md Safiqur Rahman Patwari, chairman of the Insurance Development and Regulatory Authority.

But despite being an agro-based country, it is yet to be introduced in Bangladesh.

"Climate change has intensified natural hazards and disasters, posing huge threats for the agriculture sector. So, it is high time that agriculture insurance is embraced to reduce farming losses."

Sadharan Bima organised the two-day seminar.

Shamim Ahmed, senior executive vice president of Mercantile Bank, and Lakshmanan Sankaran, founder chairman of Tradeassets, a blockchain-powered e-marketplace for banks, sign the papers of a deal at the bank's head office in Dhaka on May 10. The bank will use the platform of Tradeassets to sell trade finance related transactions to different banks and fund managers in the secondary market. Kazi Masihur Rahman, CEO of the bank, was present.

MERCANTILE BANK

Bangladesh needs more warehouse space: WB

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The major challenges for the sector are absence of regulatory policy, scarcity of land for warehousing, absence of common bonded warehouses, ceiling on land holding, limited availability of structured warehouses, high cost of land in major clusters and lack of ventilation and fumigation facilities in warehouses.

Sugata Sarkar, director for advisory and marketing research at Knight Frank India, a property consultant, presented the findings of the survey at a workshop titled "Bangladesh logistics study: key issues, prospects and priorities" at Sonargaon hotel in Dhaka yesterday.

The WB Group commissioned a study on "Bangladesh logistics costs study: assessment of storage and warehousing" to analyse the current and future industry potential and estimate the market size of warehousing market in Bangladesh.

Dhaka Chamber of Commerce and Industry (DCCI) and International Finance Corporation (IFC) jointly organised the workshop to reveal the preliminary findings of the study.

Exporters, importers, port users, logistics service providers, government high-ups, researchers and clearing and forwarding agents attended the event.

Every year, Bangladesh sends back 7-8 lakh empty containers -- which was used to carry the imported goods -- from the Chittagong port due to lack of exportable goods.

"So, please export more so that this huge number of containers can be used properly," said Md Abdus Samad, shipping secretary.

He said the government would update the warehousing policy soon. By 2043, Bangladesh will handle 1.22 billion cargos or 130 billion twenty-foot equivalent units, Samad said.

The construction of four jetties by the government will be completed in Chittagong in the next two years to support export and import activities, he said.

However, the government has a plan to construct 22 such jetties in Chittagong, Mongla and Payra areas, the secretary said.

Since 1986, Bangladesh has not increased the charges for port use, he said. "Our charges are lower compared to the ports in Singapore and Colombo."

Storage and warehousing competency is the core enabler of an efficient logistics landscape, said Abul Kasem Khan, DCCI president.

"Bangladesh has been overburdened with communication infrastructure challenges which are deterring the potential of logistic growth and cross border trade expansion."

In the latest Logistics Performance Index, Bangladesh has ranked 87th while neighbouring India occupied the 35th position, Khan said.

The government should declare logistics and warehousing a thrust sector, he said.

"Our export is increasing. Only manufacturing sector accounts for 26 percent of the total export volume which is a good sign," said Masrur Reaz, senior economist of the IFC.

"The demand of warehousing industries will be almost double in the next four to five years. That is why we need a modern warehousing policy framework."

Mahbubul Anam, president of the Bangladesh Freight Forwarders Association, stressed the need for necessary policy guidelines for structured warehousing and logistics system in order to be competitive in the global value chain.

Wendy Werner, country manager of IFC for Bangladesh, Bhutan and Nepal, also urged for separate policy framework for warehousing and storage.

She said the main problem for structured warehousing in Bangladesh is scarcity of land.

Airbus, Boeing fly into lucrative services market

AFP, Singapore

Airbus and Boeing may have built their global success on the back of the transcontinental airliners but they are now eyeing a lucrative if rather less glamorous side of the aviation sector in their battle to dominate the skies -- parts and repairs.

While booming demand for air travel across has seen the world's top plane makers ramp up production, it is the multi-billion-dollar after-sales service market that is taking an increasing amount of their attention.

The aircraft titans are aggressively expanding their presence in the sector, which is dominated by maintenance, repair and overhaul of aircraft but also covers other services, from training to parts supply.

The European and American firms have long done some business in after-sales support, but they are now moving to win greater market share and take on other players like Germany's Lufthansa Technik and US-based AAR.

"The services market is more lucrative than actual aircraft sales because it has more potential and it covers many different spectrums," said Shukor Yusof, an analyst with aviation research firm Endau Analytics in Malaysia.

"Boeing and Airbus -- they have to be part of it. When you sell an aircraft, it's in your interest to have a full package of after-market services."

Boeing predicts that the value of the approximately 41,000 planes that will be delivered worldwide over the next 20 years will be around $6 trillion -- while the demand for services to support this fleet will be worth around $8.5 trillion.

In Singapore, Airbus's wholly-owned subsidiary Satair Group has an 11,000 square metre (118,000 square foot) warehouse to house spare parts.

They are arranged on towering shelves in brown, yellow and orange boxes, and range from a main landing gear for an A380, the world's biggest passenger plane, worth hundreds of thousands of dollars, to a washer worth one cent.

They can be dispatched from the warehouse -- Airbus's biggest such facility in Asia, and second-biggest in the world -- within four hours of receiving an order, with plans to further slash the waiting time.

Airbus, whose revenues from services hit $3.2 billion in 2017, 18 percent higher than the previous year, plans to expand the facility by 8,000 square metres next year.

Both Airbus and Boeing also have major pilot training centres in Singapore.

The fierce rivals play up their intimate knowledge of the aircraft they produce as an advantage in providing after-sales support over others who could provide the services, including the airlines themselves.

"We know best our aircraft because we have designed it," Airbus head of services Laurent Martinez told AFP.

"We have all the capabilities to support the airlines' operations and to have the competitive edge in terms of spare parts."

Randy Tinseth, vice president of marketing at Boeing Commercial Airplanes, said the US firm currently only has a seven percent market share in the sector, and there was plenty of room for growth.

"The products we have today can only address about 30 percent of this market," he said at the recent Singapore Airshow.

"So if this market grows about five percent per year as we focus more on developing new products, we expect to see dramatic growth in our business."

The Singapore Airshow highlighted the growing importance of the sector.

The largest deals at the show, the biggest in Asia, were not plane orders but contracts worth nearly $1 billion signed by Boeing's dedicated global services unit, which was launched last year as its vehicle to expand into the after-sales market.

FSIBL

Abu Hena Mohd Razee Hassan, deputy governor of Bangladesh Bank, attends the "School Banking Conference Dhaka 2018" organised by the central bank, at Dhaka Residential Model College on Saturday.

TÜV SÜD

Niranjan Nadkarni, CEO for South and South-East Asia, Middle East and Africa region at TÜV SÜD, a solutions provider that specialises in testing, inspection, auditing, certification, training and knowledge services, opens its second training centre at Dhanmondi in Dhaka recently.

Mill owners in a tight corner

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Moreover, the government has imposed nearly 64 percent duty on commercial import of fabrics to allow the local industry to flourish. As a result, over the years local entrepreneurs had invested more than $6 billion in the country's primary textile sector, Khokon said. With the flooding Chinese and Indian goods, nearly 60 percent of the one lakh power looms located in Narsingdi, Madhabdi, Baburhaat, Rupganj, Araihazar, Pabna and Sirajganj are shut for now.

Khokon complained that the Indian goods are entering Bangladesh through the 17 bordering points, especially the border haats set up along the bordering areas by both the Indian and Bangladesh governments in the last few years.

Bangladesh imported yarn worth $1.10 billion in 2017, up from $991 million in 2016.

The garment makers imported fabrics worth $3.61 billion in 2017, up from $3.51 billion in 2016, according to data from the National Board of Revenue. Currently, Bangladesh has 415 spinning mills and more than 800 weaving mills. The production capacity of woven fabrics in the country is 3,000 million metres, according to data from the BTMA.