US, China agree to put trade war on hold

AFP, Beijing

Washington and Beijing have agreed to abandon any trade war and back off from imposing tariffs on each other, Chinese state media reported Sunday.

The announcement came after high-level talks in the US capital and followed months of tensions over what President Donald Trump has blasted as an unfair commercial relationship between the two economic giants.

Vice-Premier Liu He, who led Chinese negotiators in Washington said: "The two sides reached a consensus, will not fight a trade war, and will stop increasing tariffs on each other," state-run news agency Xinhua reported Sunday.

Liu called the agreement a "necessity", but added: "At the same time it must be realised that unfreezing the ice cannot be done in a day, solving the structural problems of the economic and trade relations between the two countries will take time."

An earlier joint statement issued in Washington said Beijing would "significantly" increase its purchases of American goods, but offered few details.

The apparent detente comes after months of increasing tensions that have set markets on edge over fears of a damaging trade war.

Trump has repeatedly railed against his country's trade deficit with China, describing it as a danger to US national security and threatening to impose tariffs on billions of dollars' worth of Chinese goods.

US levies on $50 billion of Chinese imports could have come into effect as early as next week.

The talks in Washington were between delegations led by US Treasury Secretary Steven Mnuchin and Liu, who also met Thursday with Trump. The sides had met earlier in Beijing.

"There was a consensus on taking effective measures to substantially reduce the United States trade deficit in goods with China," the joint statement said.

"To meet the growing consumption needs of the Chinese people and the need for high-quality economic development, China will significantly increase purchases of United States goods and services."

Last year, the United States had a $375.2 billion trade deficit with China, with populist politicians blaming the Asian powerhouse for the leeching of American jobs over the last few decades. Washington reportedly had demanded the deficit be slashed by at least $200 billion by 2020.

However, the joint statement held no indication that China had assented to that target.

It said both sides had agreed on "meaningful increases" in US agriculture and energy exports. Liu said the new trade cooperation would extend to medical care, high-tech products, and finance, according to Xinhua.

They also agreed to strengthen cooperation on protecting intellectual property -- a long-standing source of US discontent.

The two countries, their economies enormously interlinked, opened the delicate negotiations a few weeks ago.

Trump had threatened China with tariffs on up to $150 billion of imports, prompting Beijing to warn it would target US agricultural exports, aircraft, and even whiskey.

The White House is wary of hurting largely Republican-voting farm states or damaging the economy before legislative elections this November. But Trump is also keen to appear tough on trade.

On Thursday, he unleashed a barrage of criticism against former US administrations, saying they had allowed Beijing to take advantage of the United States.

"We have been ripped off by China. And an evacuation of wealth like no country has ever seen before given to another country that's rebuilt itself based on a lot of the money that they've taken out of the United States," he said.

"China has become very spoiled."

The trade issue is complicated by the impending summit meeting in Singapore between Trump and North Korean leader Kim Jong Un, who has consulted with Chinese leader Xi Jinping.

China is North Korea's biggest trade partner, and Trump has called on it repeatedly to press Pyongyang to rein in its nuclear and missile programs.

The joint statement made no mention of Chinese telecom giant ZTE, which had suspended operations after US sanctions were imposed to punish it for exporting sensitive materials to Iran and North Korea.

Novoair offers Cox's Bazar, Kolkata holiday packages

STAR BUSINESS DESK

Novoair is offering holiday packages of two nights and three days, including air fare and hotel accommodation, in Cox's Bazar starting from Tk 9,777.

The packages comes with a six months' interest free equal monthly instalment facility at the airline's 18 partner banks, the airline said in a statement.

The hotels are Royal Tulip Sea Pearl Beach Resort, Sayeman Beach Resort, Long Beach Hotel, Seagull Hotel, Hotel The Cox Today, Windy Terrace Boutique Hotel, Praasad Paradise and Neeshorgo.

The airline offers another holiday package of two nights and three days, including air fare and hotel accommodation, in Kolkata starting from Tk 16,888 per person. Customers can call at 13603 or visit www.flynovoair.com for details.

Pubali Bank elects vice chairmen

Moniruddin Ahmed

Syed Moazzem Hussain

STAR BUSINESS DESK

The Pubali Bank board of directors has recently elected two vice chairmen.

Of the duo, Moniruddin Ahmed and Syed Moazzem Hussain, the latter has also been elected executive committee chairman, the state-owned bank said in a statement yesterday.

Hussain is also chairman of Prince Corporation and Moazzem Knit and Dyeing Industries while Ahmed founder chairman of Monir Ahmed Academy in Sylhet and chairman of Pubali Bank Securities.

bKash Eid discount up to 25pc

STAR BUSINESS DESK

bKash is offering customers up to 25 percent cash back on shopping across over 1,500 outlets of 107 brands in fashion, e-commerce, electronics and restaurants marking Eid-ul-Fitr.

The customer account will get instant cash back following payments either through a newly launched "bKash app" or dialing *247#.

The mobile financial service provider in a statement yesterday said to be also offering discounts at select hotels.

PKSF

Qimiao Fan, World Bank (WB) country director for Bangladesh, Bhutan and Nepal; Kazi Shofiqul Azam, secretary to Economic Relations Division, and Md Abdul Karim, managing director of Palli Karma-Sahayak Foundation (PKSF), attend a deal signing ceremony at the division in Dhaka on May 16. A "Sustainable Enterprise Project" of PKSF for promoting environmentally sustainable microenterprises will get $110 million from the WB's International Development Association.

German companies worry Trump moving toward 'America Alone'

REUTERS, Berlin

German companies are concerned that US President Donald Trump is increasingly thinking only of America rather than just putting his country first, the head of Germany's DIHK Chambers of Commerce told media.

The United States has pulled out of the 2015 Iran nuclear deal and Germany has acknowledged it could be hard to protect companies doing business with Iran, as a senior US official renewed a threat of sanctions against European firms.

German companies also face the prospect of possible extra levies — Trump imposed a 25 percent tariff on steel imports and a 10 percent tariff on aluminum in March but the European Union has been granted exemptions until June 1.

"America First now increasingly means America Alone," DIHK President Eric Schweitzer told the RND group of newspapers. "That makes German businesses really worried."

Nonetheless, a DIHK survey published earlier this month showed a record number of German companies believe economies in foreign markets where they do business will improve despite rising political and trade risks.

In January Trump said he would always promote "America First", as he expected other world leaders to do on behalf of their own countries, but added: "America First does not mean America alone. When the United States grows so does the world."

Schweitzer called for the EU to take a tough line in the trade dispute with the United States, saying while it was important to remain in dialogue over difficult conflicts, "we're moving in the wrong direction if we automatically react to new unreasonable demands with concessions."

Germany is Europe's biggest exporter to the United States.

Collect 15pc VAT from payments of online ads

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The NBR last month directed its field offices to take steps to realise the indirect tax from the digital advertisements run by the local firms on different social media platforms such as Facebook and Google.

Earlier, the Newspaper Owners' Association of Bangladesh (Noab) urged the government to take steps to collect tax from big tech firms citing that Facebook and Google were earning a huge amount of money from digital advertisements but they were not paying any tax.

The two tech giants have no office in Bangladesh, which allows them to remain out of the purview of Bangladesh's laws.

But it is a requirement that every company that wants to do business in any country complies with the local laws, the Noab said in a letter to the finance ministry in November last year.

The NBR, in its letter, said the money was sent through the banking channel to the recipients abroad, so banks should collect 15 percent VAT when the advertisers make the payment.

In line with the NBR directive, the LTU VAT also asked banks to furnish information on whether they were collecting such VAT on behalf of their clients.

Rahman said banks should collect the tax when their clients make such payments through credit cards. "The tax was not deducted earlier," he said.

Bears trample over DSE for 13th day

FROM PAGE B1

Of the traded issues, 50 advanced, 261 declined and 23 closed unchanged on the premier bourse.

Intraco Refuelling Station dominated the turnover chart with its transaction of 29.97 lakh shares worth Tk 13.30 crore. It was followed by BSRM, Queen South Textiles, Western Marine Shipyard and Legacy Footwear.

Advent Pharma was the day's best performer, posting a gain of 9.97 percent, followed by SEML Legacy Footwear, Intraco Refuelling Station and Rahim Textile.

Bangladesh National Insurance Company was the day's worst loser, shedding 8.75 percent, followed by Meghna Condensed Milk, Asia Insurance and Prime Islami Life Insurance.

Among the major sectors, financial institutions lost 1.19 percent, engineering 1.16 percent and textile 1.01 percent. On the other hand, no sector gained yesterday.

Chittagong stocks also fell yesterday, with the bourse's benchmark index, CSCX, declining 99.76 points, or 1 percent, to finish the day at 10,059.89 points.

Losers beat gainers as 155 stocks declined and 38 advanced, while 24 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 54.17 lakh shares and mutual fund units worth Tk 16.84 crore in turnover.

Sri Lanka warns of looming foreign debt crisis

AFP, Colombo

Sri Lanka is headed for a debt crisis, the finance ministry warned Sunday, blaming a series of costly projects commissioned by the previous government for record-high repayments.

Finance Minister Mangala Samaraweera said payments of capital and interest would reach $2.84 billion this year, mostly to repay loans for extravagant projects under former president Mahinda Rajapakse.

"The crisis will further worsen next year," Samaraweera said in a statement, adding repayments are expected to soar to $4.28 in 2019.

"Repayments will go to pay the debts that were obtained during the Rajapakse regime for the waste, fraud and corruption committed by the oligarchies of the Rajapakses," he added. Foreign reserves totalled $9.9 billion at the end of April, the central bank says.

Samaraweera said Rajapakse's administration secured two high-interest loans worth $1.5 billion in the final year of its decade-long rule.

Officials say Rajapakse relied heavily on China to finance his grand infrastructure projects but many ended up becoming a burden on Sri Lanka's $87 billion economy.

The government which ousted Rajapakse in 2015 was forced to lease to China a loss-making port commissioned by and named after the strongman leader in his home constituency of Hambantota in the south.

An international airport built in Rajapakse's name met the same fate, with revenue insufficient to meet the salary bill. Only one airline operates out of Rajapakse International and attempts to privatise the airport have not progressed.

Sri Lanka is currently drawing down a three-year $1.5 billion bailout package negotiated with the International Monetary Fund in June 2016 after facing a balance of payments crisis.

The government sharply raised domestic fuel prices earlier this month following pressure from the IMF and its central bank to reduce the burden of heavy subsidies on its struggling economy.

The IMF has said it will only release the next tranche of its bailout if the country adjusts fuel prices based on the cost of production.

The economy has been on the mend since the IMF bailout was approved but the 3.1 percent growth figure for 2017 was slower than expected.

Tata Steel completes $5.2b purchase of bankrupt Bhushan Steel

REUTERS

India's Tata Steel Ltd said on Friday it had completed the acquisition of a 72.7 percent stake in Bhushan Steel Ltd, which was in bankruptcy court over unpaid loans.

As part of the deal, a unit of Tata Steel is paying 352.33 billion rupees ($5.18 billion) to Bhushan Steel's creditor banks. It will also pay Bhushan Steel's operational creditors, such as vendors, another 12 billion rupees over 12 months.

The Tata Steel unit will raise a bridge loan of 165 billion rupees to help fund the acquisition, while Tata Steel is investing the remainder in the unit, Bamnipal Steel.

Bamnipal has appointed members to Bhushan Steel's board, Tata Steel said in a statement.

Bhushan Steel, which was among a dozen companies pushed to bankruptcy court last year amid a government drive to clear a mountain of bad loans choking credit at Indian banks, has an annual steel making capacity of about 5.6 million tonnes.

Businesses call for a quick decision

FROM PAGE B1

A few hundred Bangladeshi entrepreneurs have shown interest in investing in Africa when the two-way forum was formally launched, he added.

Like Helali, Abdul Matlub Ahmad, chairman of Nitol Niloy Group, said he wanted to invest in farming in African countries for producing paddy and open a bank in Uganda.

But the government's approval never came through. "I lost my interest in opening any venture in Africa as it is a lengthy process."

But Ahmad, also a former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), urged the government to allow Bangladeshi entrepreneurs to invest abroad so that illegal capital flight can be stopped.

If foreign investment is allowed in formal channels, the money will go through the central bank and it will have accountability, he added.

The demand for Bangladeshi goods in African countries is very high, said Abul Hossain, honorary consul of Uganda in Bangladesh.

Apart from agriculture, Bangladeshi entrepreneurs have the opportunity to invest in sectors like pharmaceuticals, ceramics, jute and jute goods and food processing, he said.

"The medicines of Bangladeshi companies are very popular in African countries. Those companies can also manufacture the medicines there."

He said a team of businesspeople from the FBCCI will go to Africa soon for exploring the potential in the agriculture sector.

Currently, only the local DBL Group has managed to invest in Africa: it put in nearly $100 million for setting up a knitwear factory in Ethiopia.

Google pushes artificial intelligence for upgraded news app

AFP, Washington

For its updated news application, Google is doubling down on the use of artificial intelligence as part of an effort to weed our disinformation and help users get viewpoints beyond their own "filter bubble."

Google chief Sundar Pichai, who unveiled the updated Google News earlier this month, said the app now "surfaces the news you care about from trusted sources while still giving you a full range of perspectives on events."

It marks Google's latest effort to be at the center of online news and includes a new push to help publishers get paid subscribers through the tech giant's platform.

According to product chief Trystan Upstill, the news app "uses the best of artificial intelligence to find the best of human intelligence -- the great reporting done by journalists around the globe."

While the app will enable users to get "personalized" news, it will also include top stories for all readers, aiming to break the so-called filter bubble of information designed to reinforce people's biases.

"Having a productive conversation or debate requires everyone to have access to the same information," Upstill said.

He said the "full coverage" feed would be the same for everyone -- "an unpersonalized view of events from a range of trusted news sources."

Industries to get 2,000 new gas connections

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The government has proposed to fix the LNG price for factories at more than Tk 14 a cubic metre, up 45.53 percent from the existing rate.

At present, the textile millers pay Tk 9.62 for every cubic metre of gas and use Tk 8 to Tk 9 worth of gas to produce a kilogramme of yarn, according to industry insiders.

The ship carrying Bangladesh's first import consignment of LNG anchored in the Bay of Bengal on April 25. Supply to the national grid is scheduled to begin next month.

State banks on a loan rescheduling spree

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Sonali, the largest state-owned bank in the country, rescheduled the lowest amount of loans in 2017: Tk 293 crore.

The bank's default loan ratio surged to 38.11 percent at the end of last year from 33.40 percent the previous year.

The high default loan ratio has put the bank in huge capital shortage: Tk 5,397 crore. A year earlier, it had a capital surplus of Tk 149.48 crore.

However, the bank's net profit more than doubled to Tk 398 crore last year.