



SINGER BANGLADESH

MHM Fairoz, managing director of Singer Bangladesh, and Chris Yu, CEO of Zoje Sewing Machine, a Chinese company, attend a programme in Dhaka where the two entities signed a partnership deal for marketing of Zoje's sewing machines in Bangladesh.

## Brazil cuts fuel prices after strike leaves food, fuel scarce

AFP, Rio De Janeiro

Brazil's President Michel Temer, under pressure from a week-long national truckers' strike which led to fuel and food shortages, ceded to protesters' demands Sunday and slashed the cost of diesel.

The cut, equal to 0.46 reais a liter, was to be locked in place for 60 days, the president said in televised remarks, as the strike paralyzes much of the country's economic infrastructure. Temer also agreed to four other demands truckers made.

His decision came after Sergio Etchegoyen, the Minister of Institutional Security, said the country was "on a path to normalization" although he added: "It's not quick." Authorities deployed the military to clear barricades erected by strikers and have been escorting fuel trucks since Friday to maintain access to refineries.

But federal transportation police reported that as of Saturday night, nearly 600 roads were at least partially blocked throughout the sprawling South American country. Gas stations were virtually out of fuel, and perishable foods were disappear-

ing from store shelves.

Now, Temer said: "we have done our part to ease the problems and suffering," mentioning that he heard reports that millions of animals could die of hunger if the crisis did not ease. The average price of diesel was 3.36 reais (92 US cents) in January and rose to 3.6 before the strike, according to news portal G1. On May 26, it hit 3.8.

Brazil is a member of the G20 group of the world's largest emerging and advanced economies, but the first five days of the strike were estimated to have cost the country's economy \$2.8 billion, according to the daily Folha de Sao Paulo.

The truckers put a stranglehold on movement of goods in Brazil to protest increases in fuel prices. Prices have risen under a politically sensitive decision made in late 2016 to allow the state-run Petrobras oil giant autonomy to set its pricing.

The rise in world oil prices in recent weeks has also been a factor.

The truckers' determination has been a heavy blow to Temer's centre-right government, five months ahead of the presidential election.

## UK must 'fully' leave EU customs union: Johnson

AFP, London

Britain must be "fully out" of the EU customs union after Brexit in order to be a global trading nation, Foreign Secretary Boris Johnson said on Monday, piling further pressure on Prime Minister Theresa May.

"Now is our moment not to be less European -- we can do a great trade deal with the EU that will benefit both sides -- but to be truly global again," Johnson wrote in the Daily Telegraph. Speaking after a long tour of South America, Johnson said countries in the region had been "emphatic" and told him: "If this is to work, we must come fully out of the EU customs union."

For Britain to be a "valid trading partner, then we must take back control -- as the PM has said -- of our tariff schedules, and do deals that are unhindered and uncomplicated," he said.

With just one month to go until a critical European Union summit, the British government is deeply divided over its plans for

future trade ties with the bloc after Britain's withdrawal.

Johnson and some other ministers have advocated a clean cut with what is currently Britain's biggest trading partner that would enable it to sign free trade deals with third countries. But moderates have put forward a plan whereby Britain would collect tariffs on behalf of the EU for goods heading to the bloc and setting its own, separate tariffs for goods that do not.

The EU has instead proposed a "back-stop" solution to avoid a border in Ireland under which Northern Ireland would remain aligned with and de facto still under the bloc's rules, but Britain says that would effectively create a border between the province and the rest of the UK.

A senior EU official last week said: "We have to do away with the fantasy that there is an all-UK solution."

EU Brexit negotiator Michel Barnier on Saturday urged Britain to stop playing "hide and seek" in Brexit negotiations.

## BRICS development bank to issue \$780m in yuan-denominated bonds

REUTERS, Shanghai

The New Development Bank (NDB), set up by the BRICS group of major emerging economies, said on Monday it plans to raise 5 billion yuan (\$782 million) through a yuan-denominated bond issue this year.

Leslie Maasdorp, the NDB's chief financial officer, told reporters on the sidelines of the bank's annual meeting in Shanghai that the issue would be part of a 10 billion yuan bond programme approved by the NDB's board.

"Our next issue is going to be 5 billion renminbi," he said.

"We have to just go through a series of regulatory approvals, we've already appointed underwriters ... It's going to be a matter of a few months, it will be during the course of 2018."

The bulk of the proceeds will go towards projects in China and the bank will carry out

another yuan-denominated bond issue within the next two years, he said.

Headquartered in Shanghai, the NDB is seen as the first major achievement of the BRICS - Brazil, Russia, India, China and South Africa - since they got together in 2009 to press for a bigger say in the global financial order created by Western powers after World War Two.

In 2016, it completed the sale of a five-year, 3 billion yuan bond which was the first yuan-denominated green bond sold in mainland China by a multinational financial institution at the time.

However, plans to issue bonds in currencies belonging to its other member countries have been delayed, the NDB's president, K.V. Kamath, said.

Kamath told Reuters in March last year that the NDB planned to raise up to \$500 million via

rupee-denominated masala bonds by the second half of 2017.

"We did not proceed with other issues because we thought it appropriate to get our international credit rating exercise done before we approach the markets," he said, adding that they expect to receive the rating by July.

"The moment the rating exercise gets completed we will probably go into the other countries' markets." The bank has already received an AAA investment rating in China.

The NDB also announced that it had approved six new projects that take its loan portfolio to more than \$5.1 billion.

The schemes include an environmental protection project being carried out by Brazil's Petrobras, and a rural road construction and upgrade programme in India.

It said the approvals meant that it now finances 21 projects in its member countries.

## Denmark expects slightly lower 2018 budget deficit

REUTERS, Copenhagen

Denmark's government has lowered its expectations for the budget deficit this year and next year slightly, it said on Monday, confirming information obtained and published by Reuters late on Sunday.

It now expects the 2018 budget deficit to be 0.5 percent of GDP, from the 0.8 percent expected in an earlier forecast from December, while the expected 2019 deficit was lowered to 0.5 percent of GDP from 0.6 percent.

In the report, the government kept its forecast for GDP growth this year and next year unchanged at 1.9 percent and 1.7 percent, respectively.



Mubina Asaf, head of legal and external affairs of British American Tobacco Bangladesh, sign an agreement with Ziauddin Adil, managing director of Masthead PR, at the former's office in Dhaka to avail exclusive strategic public relations planning and services. Shehzad Munim, managing director of BAT Bangladesh, was present.

BAT BANGLADESH

## Indian traders' group files objection to Walmart-Flipkart deal

REUTERS, Mumbai

The Confederation of All India Traders (CAIT) has filed an objection to Walmart Inc's \$16 billion merger with e-commerce company Flipkart with the country's competition watchdog, it said on Monday.

US retail giant Walmart said this month that it would pay \$16 billion for a roughly 77 percent stake in Flipkart, which CAIT's filing said would create unfair competition and result in predatory pricing.

The deal is aimed at helping Walmart to compete with Amazon.com in a major growth market, prompting protests from trade and nationalist groups that say small traders will suffer.

## Nigeria wants to stop being lax about tax

AFP, Lagos

Paying income tax used to be a joke in Nigeria which, no wonder, has the worst tax to GDP ratio in sub-Saharan Africa.

As one banking executive put it: "In Nigeria, the government pretends to tax people and people pretend to pay. That's the Nigerian social contract."

But these days it's no laughing matter, as an ambitious government scheme designed to make the executive class pay up draws to a close.

Millions of people for the first time are now coughing up taxes as President Muhammadu Buhari's government conducts one of the country's most vigorous collection drives in years.

The money is desperately needed. Widening Nigeria's tax base will help boost non-oil revenue in Africa's largest economy, which is limping out of its worst recession in 25 years.

And Nigeria has a long way to go. Its current tax-to-gross domestic product ratio is just 5.9 percent, according to the International Monetary Fund.

In Lagos alone, there are 6,800 millionaires and 360 multi-millionaires, according to a 2017 report by AfrAsia Bank. But top earners hardly lead by example.

In 2016, just 241 people paid more than 20 million naira (\$55,600, 47,400 euros) in personal income taxes, the Nigerian finance ministry reported.

It's not hard to see why Nigerians would be reluctant to pay tax to fund public services, when there has been no visible return.

Infrastructure in most cities is disintegrating. Roads between states are crumbling. People pay for their own electricity and water.

Endemic corruption is partly to blame, said the Emir of Kano Muhammadu Sanusi II, one of Nigeria's leading Islamic figures who served as central bank governor in the previous administration.

## Indonesia bids to tame market contagion

REUTERS, Jakarta

Indonesia's top policymakers sought to shore up confidence in Southeast Asia's biggest economy, as bets grow that the central bank will raise interest rates for the second time in two weeks at an out-of-cycle policy meeting on Wednesday.

Perry Warjiyo, sworn in as governor last week, said on Monday it was not an "emergency meeting", but the rupiah jumped to a two-week high on hopes central bank actions will relieve persistent pressure on the country's financial markets.

Alongside other emerging markets, Indonesia has seen an outflow of funds as US assets become more attractive due to rising interest rates.

Bank Indonesia (BI) on May 17 raised its benchmark interest rate for the first time since November 2014 in a bid to bolster the fragile rupiah and stem capital outflows. On Friday, it said it will hold an additional meeting on May 30 to discuss economic and monetary conditions.

"The dynamics offshore happen so quickly and market perceptions are formed quickly that there is a tendency that some became irrational," Warjiyo told a briefing attended by other policymakers.

"These dynamics need to be responded to immediately to stabilise things."

He said Wednesday's meeting will look ahead to the Federal Reserve's June policy review, which is expected to raise US rates again.

In a Reuters Poll on Monday, 16 out of 18 economists predicted BI will increase its key rate 25 basis points on Wednesday. One forecast a 50 basis point hike, and other

predicted BI would stand pat.

BI's next scheduled meeting is June 27-28, after the Eid al-Fitr holidays following the Muslim fasting month of Ramadan. This period is also a time of peak spending in the world's biggest Muslim-majority country, adding to pressure on policymakers to maintain stability.

At Monday's news conference, Darmin Nasution, the coordinating minister of economics, said regulators will prioritise stability in the short-term and economic growth in the medium-term.

"We are not in a crisis. These are to

strengthen things, to respond to dynamics," said Nasution.

Other Indonesian markets also rallied on Monday, with the benchmark 10-year government bond yield falling to 7.174 percent on Monday's closing from 7.545 percent on Friday. Jakarta's main stock index rose 1.55 percent.

"Markets have taken positively to news of an additional meeting on 30 May (and prospects for more policy tightening)," DBS said in a note.

Last week, Warjiyo promised to use interest rate policy to stabilise the rupiah in

the near-term and to be "more pre-emptive" and ahead of the curve on monetary settings.

The rupiah has been among the worst performers among Asian currencies this year, losing about 3 percent of its value, as investors slash their holdings in emerging markets in response to rising US Treasury yields.

DBS said that weaker sentiment on emerging market debt had pushed several central banks including Argentina and Turkey to take a more hawkish stance to control capital outflow risks and maintain financial markets stability.

The last time BI held an extraordinary meeting was the November 2014 one that raised its main policy rate, to tackle rising inflation expectations.

"Indonesia faces the possibility of having to bring down its current account deficit at the expense of GDP growth, as in 2013," Citi economist Helmi Arman said in a note.

When Indonesia last faced such market volatility in 2013, during the so-called "taper tantrum", policymakers took measures to restore calm.

These included BI raising rates by 175 basis points, allowing the exchange rate to depreciate and preparing bilateral swap agreements, while the government let in more imports to maintain domestic prices.

Policymakers have already repeated some of these measures. Warjiyo said the "dual intervention" BI is currently doing in the currency and bond markets is similar to 2013.

BI has also announced an intention to broaden swap agreements with Japan to bolster its "second line of defence".



REUTERS/FILE

Indonesian rupiah banknotes are counted at a money changer in Jakarta.