

Mercantile Bank to celebrate 19th anniversary



ASM Feroz Alam, vice chairman of Mercantile Bank, and Kazi Masihur Rahman, CEO, attend a press conference on the bank's 19th anniversary at its head office in Dhaka yesterday.

MERCANTILE BANK

STAR BUSINESS REPORT

Mercantile Bank has 129 branches across the country and it plans to open 10 more by this year, the bank's Managing Director Kazi Masihur Rahman said yesterday.

He spoke at a press meet at the

bank's headquarters in Dhaka, as the financial institution was taking preparation to celebrate its 19th anniversary of operations on June 2.

"We improved much in financial health in the last 19 years and we now look forward to keep the momentum going," Rahman said.

The total deposit of the bank stood at Tk 21,697 crore in March when loan portfolio was Tk 20,301 crore, he said.

The export earnings through the bank hit Tk 13,475 crore last year while the import figure reached Tk 19,075 crore, according to the bank's statement.

The bank has 162 ATM booths in the country, he said at the event where Vice Chairman ASM Feroz Alam, Chairman of the Risk Management Committee M Amanullah, Directors Akram Hossain (Humayun), Mohd Selim and Mosharref Hossain were also present.

China will cut import tariffs on consumer goods

REUTERS, Beijing

China will cut import tariffs on a range of consumer items including apparel, cosmetics, home appliances, and fitness products starting from July 1, the state council, or cabinet, said on Wednesday.

The decision, which was announced after a state council meeting led by Premier Li Keqiang, aims to further open China's consumer market, will force its industries to upgrade and boost competitiveness, the government said in a statement.

Import tariffs for apparel, footwear and headgear, kitchen supplies and fitness products will be more than halved to 7.1 percent from 15.9 percent, with those on washing machines and refrigerators slashed to just 8 percent, from 20.5 percent now.

Sonargaon hotel promotes two to executive assistant managers



Asif Ahmed



MA Awal

STAR BUSINESS DESK

Pan Pacific Sonargaon Hotel has recently promoted two staff to the posts of executive assistant managers for finance and for sales and marketing.

Asif Ahmed had been a director of finance since 2009. He previously worked for DHL Worldwide Express, Acid Survivors Foundation and KPMG Bangladesh in various capacities.

MA Awal was previously a director for sales and marketing, having been with the hotel for over 30 years and starting out as a sales coordinator, according to a statement.

Reliance to halt oil imports from Iran from October-November

REUTERS, New Delhi

India's Reliance Industries Ltd, owner of the world's biggest refining complex, is planning to halt oil imports from Iran, two sources familiar with the matter said, in a first sign that new US sanctions are forcing buyers to shun oil purchases from Tehran.

Trump's auto tariff plan threatens GM's \$7b South Korea rescue

REUTERS, Seoul

Fresh off a \$7 billion rescue for its loss-making South Korean operation, General Motors faces a new threat as US President Donald Trump considers higher vehicle import tariffs that could "make or break" its Asian subsidiary.

Earlier this month GM agreed on the bailout package with the South Korean government in return for a pledge to stay in the country for at least 10 years, purchase more Korean-made parts and produce two new models popular in the US market.

But less than two weeks later, the Trump administration launched a national security investigation into car and component imports that could lead to new US tariffs similar to those imposed on imported steel and aluminum in March.

Higher tariffs would be painful for Asian automakers whose shipments accounted

for one third of US vehicle imports last year through heavyweights such as Toyota Corp and Hyundai Motor.

They could also have a devastating impact on smaller players such as GM Korea and its plan to become a major export hub again.

"This is a matter that could make or break GM Korea," a person familiar with GM's situation told Reuters.

"The success of its restructuring plan hinges on more production for exports, and the two new models to be manufactured here are primarily targeted at the US market to serve that purpose," the person said, requesting anonymity because of the sensitivity of the subject.

GM Korea, GM's biggest production base in Asia excluding China, exported about a quarter of its vehicle output to the United States last year, and the portion is set to rise further as it shifts production

toward models popular in the US market following a sales pullback in Europe.

"The tariff does not make sense," said Ko Tae-bong, an analyst at HI Investment & Securities. "The (South Korean) government injected all the money into the unit, and there will be no other major markets to sell cars other than US after Europe exit."

GM has abandoned several money-losing markets over the past three years as part of a broader strategy to boost production margins and conserve capital to fund electric and automated vehicles as well as new models for core markets in China, the US and Latin America.

It also closed one of its four plants in South Korea this month, but decided to continue operating other plants to leverage the Korean unit's core strength - R&D capability and a strong supplier network. That move now looks in jeopardy as Trump considers tariffs on parts imports.

South Korean suppliers provide parts worth nearly \$2 billion to GM's factories overseas, including the United States and Mexico, according to GM Korea.

GM has about 300 first-tier suppliers and 2,000 second-tier suppliers in South Korea, including some which GM may find it difficult to replace quickly, they said.

Korea has had the second largest number of winners in GM's suppliers' awards program for several years, following the United States. This year, 27 South Korean suppliers known for their high-quality, affordable products have won GM Supplier of the Year awards. That represents 22 percent of total winners globally.

Park Pyong-wan, a former GM Korea executive, said GM may shift production of the Trax to the United States or produce complete kits in South Korea for final assembly in the United States to avoid the tariffs.

NBR seeks FBCCI's help to boost collection

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In early November 2016, a large number of traders downed their shutters in Dhaka city demanding a cut in package VAT, which they say is too high.

The protest was called off eventually following assurance from the NBR higher ups of looking into the issue.

The rate, however, has neither been reduced nor hiked since then.

"We hope that collection will rise because of cooperation from representatives of businesses," Rikabder said.

Contacted, FBCCI President Md Shafiu Islam Mohiuddin said his office would encourage businesses to pay VAT properly.

"But the overall collection environment has to be improved to ensure that VAT paid by us is going to the state coffers and not to the pockets of dishonest officials."

The collection capacity of revenue administration should be increased by introducing technology, he said.

"We have to prevent the scope of VAT going to the pockets of corrupt officials. We also have to come out of the practice of underhand dealings instead of collecting VAT."

AirAsia shares tumble as India probe threatens IPO plans

REUTERS, Singapore/Kuala Lumpur

AirAsia Group Bhd shares plunged on Wednesday after federal police in India filed a case against the airline accusing it of corruption - a probe that threatens to delay its India unit's IPO plans and international expansion. The case, also filed against Chief Executive Tony Fernandes and unit AirAsia India, is a fresh blow to the airline's embattled leader, who has been under fire for supporting Malaysia's former prime minister and is being investigated over the cancellation of flights during the general election period.

"The (India) investigations could be long-drawn and will de-rail AirAsia India's plans to launch international flights from next year and defer its IPO targets too," said

Corrine Png, CEO of Singapore-based transport research firm Crucial Perspective.

India's Central Bureau of Investigation (CBI) accused the airline, some of its employees and third parties of violating foreign direct investment rules while obtaining its licence to fly, and of bribing government officials in an attempt to get regulations relaxed to allow AirAsia India to fly international routes.

The CBI said it had searched five AirAsia locations in Delhi, Mumbai and Bangalore, seizing certain documents.

Shares in Asia's biggest budget airline slid as much as 10.6 percent to a one-year low on Wednesday. Since the Malaysian general election on May 9, they have shed about 20 percent, giving AirAsia a market value of roughly \$2.5 billion.

Consortium led by Unique Hotel to set up 600MW power plant

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The demand for electricity increases every year by 10-15 percent, the power division said in its proposal.

At present, the country has the capacity of producing 16,046 megawatt of power, which needs to be increased to 24,000MW to supply power to all by 2021, it said.

Bangladesh now produces 1,200 MW less power than its capacity due to lack of gas and the amount reaches 2,000 MW

when fertiliser factories remain open.

Initiative has been taken to meet the huge demand for power by setting up gas/RLNG-based power plants, according to the proposal.

The committee also approved a proposal to pay Tk 33.42 crore to Russia's Rostechznadzor as consultancy fee for the Rooppur Nuclear Power Plant.

The government would pay a total of Tk 1,354 crore to Rostechznadzor in 11 years from January 2016.

Training boosts garment workers' productivity: study

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About 2,000 people, including mid to top-level managers of the factories were interviewed during the survey between December 2016 and January 2018.

The number of female supervisors in the participating factories increased from an average of 5.22 percent before the training to 11.86 percent after the training, said the study.

"The training taught me how to speak to people at different levels, how to behave as a professional, and how to keep track of my work and calculate production and efficiency in an organised way," said Poppy Aktar, who is now a sewing line supervisor at Sparrow Apparels Ltd.

Wendy Werner, country manager of the IFC Bangladesh, said research showed that training increases line efficiency and benefits both the female supervisors and the factories that promote them.

"If scaled-up in more factories, it has the potential to overturn the industry's blind spot when it comes to career progression opportunities for women."

Faruque Hassan, vice-president of the Bangladesh Garment Manufacturers and Exporters Association, said in the early days of the garment sector in 1980s, the participation of females in the national workforce was only 8 percent and now it stands at more than 34 percent.

High registration costs keep flat buyers at bay

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REHAB proposed the government bring down the gain tax to 2 percent, stamp fee to 1.5 percent, registration fee to 1 percent, local government tax to 1 percent, VAT to 1.5 percent. Flat registration cost is higher in Bangladesh in comparison to the Saarc countries, REHAB said in its proposal.

It is 4 to 7 percent in Saarc countries while in other developed countries the cost is less than that, according to Bhuiyan. He went on to call for a secondary housing market along the lines of used car market, where the registration cost would be less.

The high bank interest rate is another reason for the slump in flat sales, said

Alamgir Shamsul Alamin (Kajal), president of REHAB. "People simply don't want to buy flat with high-cost loan."

Flat sales got a much-needed boost in the last two years due to the availability of low-cost funds, he added.

Since February, the interest rate for home loans soared to 12.5 percent from 8.5 to 9 percent a year earlier.

At present, a total of 11,000 flats are unsold, down from 14,000 unsold flats a year ago, according to REHAB.

About 10,000 ready-to-sell residential apartments could not be either sold or transferred to their buyers because of the non-availability of gas connection.

Supply chain award launched

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Ejazur Rahman, CEO of the International Supply Chain Education Alliance Asia (ISCEA), said supply chains account for 60 to 70 percent of a manufacturing entity's costs. "That means the risk is very high. So, we need an effective supply chain," he said.

The award will be given in seven different categories. They are collaborative supply chain, supply chain talent development, manufacturing excellence, supply chain finance management, excellence in logistics, distribution, transportation & warehouse management; young supply chain talent of the year and supply chain professional of the year.

A jury panel will select 15 best cases: five individuals, five local and five multinational corporations. The award ceremony will take place on July 21.

Awardees will receive crests and certificates. Besides, young awardees will also receive an ISCEA certification.



US Commerce Secretary Wilbur Ross

REUTERS, Paris

The United States and European Union could still negotiate a trade deal even if Washington imposes import tariffs on EU steel and aluminum, US Commerce Secretary Wilbur Ross said on Wednesday.

EU leaders agreed earlier in May to open discussions about market access for US products, but only if Washington grants the EU a permanent exemption from tariffs. The EU now has a temporary exemption, which expires on Friday.

"There can be negotiations with or without tariffs in place. There are plenty of tariffs the EU has on us. It's not that we can't talk just because there's tariffs," Ross told a panel at the Paris-based Organization for Economic Cooperation and Development (OECD).

The US envoy said that China was a good case in point, having agreed to negotiate with the United States despite US tariffs on certain Chinese exports going into effect in March.

"China has not used that as an excuse not to negotiate," he said. "It's only the EU that is insisting we can't negotiate if there are tariffs."

He did not say whether the United States goes ahead and slaps tariffs on EU metals. European Trade Commissioner Cecilia Malmstrom said on Tuesday she expected some sort of US measure to limit EU exports.

A French presidential adviser said "nothing very positive" had come out of recent efforts to

stop the US tariffs, adding: "If that's the American decision, the European response will be firm," mentioning counter-measures on selected US products.

Ross, who was due to talk to Malmstrom later on Wednesday, said the EU had shown limited interest in serious trade negotiations with the United States until a threat of tariffs.

The 28-member bloc shelved talks towards an ambitious EU-US trade deal known as TTIP after Donald Trump's presidential election victory in 2016. Dutch Trade Minister Sigrid Kaag, on the same panel, said EU countries agreed that US

trade measures designed to protect national security simply should not apply to them and they did not feel they should negotiate, even if China did.

Kaag added that a 1962 trade law allowing protection for US producers on national security grounds that Donald Trump has invoked belongs to a different era.

Ross also denied claims that US tariffs would harm its own steel-consuming industries. The price of a can of soup would rise just a fraction of a cent and car prices would go up by less than 1 percent, he said.

"The sky has not fallen on the United States since we put the tariffs on. It hasn't fallen and it won't," he said, adding that about 20 steel or aluminum facilities had opened or reopened since the tariffs were first announced.

Ross also took aim at the World Trade Organization, where Washington has blocked appointments to its appeals chamber, effectively engineering a crisis in the system of settling global disputes.

Any dispute mechanism that takes multiple years to settle cases is "no good," he said, labeling a 14-year case over subsidies for aircraft Airbus "a joke."

Talk of just tweaking the WTO, as EU countries have suggested, is wrong, he said.

"The problem is that people have begun in many multilateral organizations to substitute conversation for action. We don't think just raising issues is adequate," Ross said.