

Amid trade war, China plays nice with foreign investors

REUTERS, Beijing

Long accused of protectionist tactics that make it a difficult place for foreign firms to operate, China is trying to reverse that narrative amid an escalating trade war with the United States, green-lighting huge investments and portraying itself as a champion of openness.

But critics argue that despite its attempt to claim the moral high ground as US President Donald Trump threatens to apply more tariffs on Chinese imports, Beijing's recent moves to make it easier for foreign businesses to set up operations also effectively acknowledges that it has had discriminatory market barriers.

This week, China agreed to a \$10 billion petrochemicals project by Germany's BASF that will be the first such plant in China that is wholly foreign-owned, not a joint venture.

It also approved a huge new wholly-owned Shanghai factory for US electric car maker Tesla Inc, and a \$2.3 billion joint venture organic light-emitting diode (OLED) plant to be built by South Korea's LG Display Co Ltd.

Responding to the Trump administration's latest plan to slap 10 percent tariffs on an extra \$200 billion worth of Chinese imports, Assistant Commerce Minister Li Chenggang said on Wednesday that China would not close itself to US business.

"I want to stress that the Chinese government's attitude to support business cooperation between the two countries will not change, its determination to push forward reforms and improve the business environment will not change, and its stance of opposing unilateralism and supporting multilateralism will not change," Li said at a business forum in Beijing on Wednesday.

"They go low, we go high," he said, in an apparent jab at Trump as he borrowed a phrase used by former US First Lady Michelle Obama in the 2016 US election campaign.

The recent investment announcements came as Premier Li Keqiang this week visited Germany. The two countries signed commercial accords worth 20 billion euros (\$23.5 billion), including the BASF agreement.

Chinese state media framed such cooperation in the context of the

increasingly bitter trade dispute with Washington.

"The trade war should push China and the EU to cherish mutual cooperation, because this increasingly scarce cooperation is becoming more valuable," China's nationalist tabloid, the Global Times, said in an editorial on Wednesday.

As the threats in the trade dispute have increased, so too have signals from Beijing that it means to follow through on reforms. Chinese officials insist there is no link, and that it will open up at its own pace. Rising costs are also frustrating to foreign manufacturers in China.

In recent weeks, China has issued a shorter list of areas closed to foreign investment, and committed to easing or eliminating foreign equity caps in sectors that include banking, insurance, securities, the auto industry, as well as in shipbuilding and aerospace.

But the string of announcements come at a time when there has been slowing foreign investment into China and more vociferous complaints about Beijing's market barriers and the difficulty of doing business in the world's second-largest economy.

New DMD for Dhaka Bank



STAR BUSINESS DESK

AKM Shah Nawaj has recently been promoted as deputy managing director of Dhaka Bank.

Prior to the promotion, he was the senior executive vice president of the bank, Dhaka Bank said in a press release yesterday.

Shah Nawaj started his banking career as a probationary officer with Arab Bangladesh Bank in 1989.

He completed his graduation in economics from the University of Chittagong and an MBA from the Institute of Business Administration under Dhaka University.



MAN ENERGY SOLUTIONS

Wayne Jones, executive board member and chief sales officer of MAN Energy Solutions SE, a Germany-based diesel engines and turbomachinery producer, and Atif Siddique, managing director of MAN Diesel & Turbo Bangladesh, pose at the opening of the company's first MAN PrimeServ workshop for its customers, at a hotel in Dhaka on July 10.

Caustic soda export to India comes to a halt

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Both Tasnim and Samuda have applied to the BIS seeking the licence for standard mark for their caustic soda.

"We are hopeful to get the licence from the BIS," said Islam, citing that a team is expected to visit Tasnim factory on July 24.

The chemical producers also applied to the commerce ministry of Bangladesh for

taking an initiative so that Indian authorities give clearance to locally made caustic soda and hydrogen peroxide based on certification from the BSTI.

Bangladesh's chemical exports increased 40 percent to \$28.17 million in 2017-18 from \$20.01 million a year ago, according to the Export Promotion Bureau. Caustic soda exports rose nearly four times to \$4.67 million.



RUPAYAN GROUP

Rupayan Group Chairman LA Mukul speaks at the half-yearly sales conference of the group at Spectra Convention Centre in Dhaka recently.

Digital commerce policy awaits cabinet nod

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"The policy has been badly needed for the industry. Now, it will help establish a structure for this new kind of business," said Syed Mohammad Kamal, one of the members of the policy formulation committee and country manager of MasterCard.

The draft policy called for introducing new payment tools such as prepaid cards.

Raising awareness will be a big part of the policy where the government and industries will work together to make customers familiar with shopping and making payments through digital channels.

Muhammad Abdul Wahed Tomal, general secretary of the E-commerce Association of Bangladesh, said cross-

border online trade has been addressed in the draft policy.

The policy will give protection to local investments, he said.

Jabbar also said the government will be tough against the internet service providers, including mobile phone operators, as they are not passing on to the end-users the benefit of the budgetary cut of value-added tax to 5 percent from 15 percent.

"If needed, we will impose fine on them and take punitive action so that the operators are compelled to give the benefit to the end-users," he said.

All top smartphone brands in the country are taking part in the three-day exposition and are offering huge discounts.

India's fuel demand rose 8.7pc in June

REUTERS

India's fuel demand rose 8.7 percent in June compared with the same month last year.

Consumption of fuel, a proxy for oil demand, totalled 17.99 million tonnes, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed.

Sales of gasoline, or petrol, were 14.9 percent higher from a year earlier at 2.38 million tonnes.

Cooking gas or liquefied petroleum gas (LPG) sales increased 2.6 percent to 1.93 million tonnes, while naphtha sales surged 11.0 percent to 1.07 million tonnes.

Telcos to explain why they failed to circulate PM's Eid greetings

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It was not possible to send the voice SMS to the subscribers in two days and it requires at least seven days in the existing technological setting, said an official of a top mobile operator requesting anonymity.

Foley, also the CEO of Grameenphone, said it was absolutely natural for the head of the government in Canada, his home country, to send out greetings to citizens on national occasions.

The greeting is normally sent out on radio, television and social media platforms such as Twitter, Facebook and YouTube, he said.

ZTE shares surge 25pc as US sanctions lift moves step closer

AFP, Hong Kong

Shares in Chinese telecoms equipment maker ZTE surged more than 25 percent in Hong Kong on Thursday after the company moved a step closer to having a painful US purchase ban lifted.

The firm had been forced to halt operations and was on the verge of collapse after Washington announced a seven-year ban on US companies selling it crucial parts owing to its handling of a sanctions violation.

However, as a favour to Chinese President Xi Jinping, US President Donald Trump ordered the Commerce Department to ease the penalties and replace it with an order to pay a \$1 billion fine and put \$400 million in an escrow account to cover any future penalties for violations. It was also ordered to replace its board of directors and retain outside monitors.

On Wednesday ZTE signed an escrow agreement, meaning the sanctions could be lifted as soon as Thursday.

The news sent shares in the firm 25.13 percent higher in Hong Kong to end at HK\$13.94. Still, it is sharply down from the HK\$25.60 it was at before trading was suspended after the sanctions were announced in April.

ZTE was pushed to the brink by the initial penalty, which came after US officials said it had failed to take action against staff who were responsible for violating trade sanctions against Iran and North Korea.

New DMD for Premier Bank



STAR BUSINESS DESK

Premier Bank has recently appointed Md Abdul Hai as its deputy managing director.

Prior to the promotion, he was the senior executive vice president of the bank, Premier Bank said in a statement yesterday.

Hai joined the bank in 1999. He started his career as an officer at Janata Bank, according to the statement.



SIBL

Md Anwarul Azim Arif, chairman of Social Islami Bank, opens a branch of the bank at Sreemangal in Moulvibazar. Quazi Osman Ali, CEO, was present.

Private banks made to work harder for deposits

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Farmers Bank, which could not return depositors money due to severe cash crisis, saw a negative growth in deposits.

At the end of April, its deposit growth stood at 9.25 percent in the negative in contrast to 5.52 percent in the negative in December last year.

The total deposit of the bank stood at Tk 4,420 crore in April against the loan portfolio of Tk 5,161 crore, according to central bank data. The bank is offering interest rate of 8.56 percent on deposits and 13.35 percent on lending.

AB Bank is also in acute fund crisis, with its deposit growth in the first four months of the year being a mere 0.06 percent. However, the growth was 1.93 percent in the negative in December last year.

In May, the bank was paying 7.2 percent interest against deposits and taking 11.73 percent against loans.

The weighted average interest rate of state banks was 8.01 percent as of April.

At the end of April, the total deposit of the banking sector stood at Tk 10,17,200 crore, of which private banks accounted for 66.19 percent of the sum.



UCB

Nehal A Huda, head of cards of United Commercial Bank, and Sohail Majid, director for sales and marketing at Regent Airways, exchange documents after signing a deal in Dhaka yesterday. The bank's credit and debit cardholders will enjoy up to 12 percent discounts on base air fare of the airline on both domestic and international flights.

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