



Marico Bangladesh Chairman Saugata Gupta presides over the company's 18th annual general meeting (AGM) at Radisson Blu Dhaka Water Garden in Dhaka yesterday. A final cash dividend of 100 percent was confirmed and approved. This was preceded by an interim cash dividend of 500 percent paid for the first three quarters of the financial year, bringing the total to 600 percent for the year ending on March 31, 2018. Independent directors Rokia Afzal Rahman, Masud Khan and Ashraf Hadi, directors Sanjay Mishra and Vivek Karve, and Managing Director Naveen Pandey were also present.

## Ericsson swings to modest profit

REUTERS, Stockholm

Mobile telecom equipment maker Ericsson posted an unexpected swing to a modest operating profit, saying it was boosted by growing sales traction in North America, which gave it confidence of meeting longer-term financial targets.

Ericsson said on Wednesday it had completed an annual cost savings programme by saving more than 10 billion crowns, which would increasingly be reflected in its earnings.

"We have good market traction in Networks, with a sales growth of 2 percent, particularly in North America where all major operators are preparing for 5G," CEO Borje Ekholm said in a statement.

The Swedish mobile telecom gear maker has met an industry-wide downturn and mounting losses by setting a new strategy to focus on profitability over growth, swapping out most of its management and making sweeping cost cuts.

Marking its second consecutive quarter

of substantial progress toward hitting its 2020 financial goals, the Swedish firm posted an operating profit of 0.2 billion crowns (\$22.6 million), compared to a 0.5 billion loss a year ago. Analysts, on average, forecast a 0.1 billion loss in a Reuters poll.

The company has pledged to deliver a gross margin of 37-39 percent and an operating margin of 10 percent by 2020. Its second quarter gross margin, excluding restructuring charges, was 36.7 percent, versus 35.9 in the first quarter.

Ericsson, once the world's biggest supplier of mobile communications gear, is facing falling spending by telecom operators, weakness in formerly fast-growing emerging markets and stiff competition from bigger telecom equipment players Huawei of China and Nokia of Finland.

Shares of Ericsson have risen around 25 percent so far this year, buoyed by progress it is showing toward meeting its 2020 financial targets, after three years of steep revenue declines.

## India doubles duty on textile products

LDCs, including Bangladesh, to continue to get free access

PALLAB BHATTACHARYA, New Delhi

India has doubled import duty on over 50 textile products, including jackets, suits and carpets, to 20 percent seeking to protect and promote domestic manufacturing but made it clear that Bangladesh and other least developed countries (LDCs) will continue to enjoy duty-free access.

The Central Board of Indirect Taxes and Customs (CBIC) under the finance ministry late on Tuesday night notified of a list of textile products on which duties have been doubled. It has also raised the ad-valorem rate of duty for certain items.

The imported products which have become expensive include woven fabrics, dresses, trousers, suits and baby garments.

"The duties have been doubled on most of the textile products. It will help boost domestic manufacturing. But least developed countries including Bangladesh would continue to enjoy duty free access to Indian markets," said Ajay Sahai, director

general of the Federation of Indian Export Organisations.

Ernst and Young Partner Abhishek Jain said, "Aligned to the 'Make in India' initiative, the increased customs duty on import of a range of textile products should see the domestic production of these products witnessing a growth."

The customs duty increases on certain finished textile products will lead to a cost advantage for Indian textile manufacturing and advance the "Make in India" philosophy, said MS Mani, partner, Deloitte India.

Imports of textile yarn, fabric, made-up articles grew by 8.58 percent to \$168.64 million in June this year, according to commerce ministry figures.

However, export of cotton yarn/fabrics/made-ups, handloom products went up by 24 percent to \$986.2 million last year.

Man-made yarn/fabrics/made-ups exports grew 8.45 percent to \$403.4 million. Export of all textile readymade garments dipped by 12.3 percent to \$13.5 billion.

## US Fed to continue to raise interest rates gradually

AFP, Washington

The Federal Reserve will continue to raise rates gradually as the US economic outlook remains strong despite uncertainty over trade policy, Fed Chairman Jerome Powell said Tuesday.

Powell was upbeat about the US economy, noting that job creation remained strong and inflation was right around the Fed's two percent target.

In addition the recent tax cut is fueling consumer spending, and business investment remains strong, he said in his semi-annual testimony to the Senate Finance Committee.

However, he acknowledged that it was "difficult to predict the ultimate outcome of current discussions over trade policy," a clear reference to the aggressive tariffs President Donald Trump has imposed on products from China and many US trading partners,

sparking outrage and retaliation.

The International Monetary Fund warned Monday escalating trade tensions and tariff threats, if carried out, could disrupt global growth and derail investments.

Still, Powell said the Fed's interest rate-setting Federal Open Market Committee was satisfied with the central bank's efforts to get monetary policy back to normal by raising rates and reducing the size of investments accumulated in the wake of the 2008 financial crisis.

"With a strong job market, inflation close to our objective and the risks to the outlook roughly balanced, the FOMC believes that--for now--the best way forward is to keep gradually raising the federal funds rate," Powell said in his prepared testimony.

The FOMC increased the benchmark lending rate by a quarter percentage point in March and in June -- a total of seven times since December 2015 -- and most econo-

mists expect two more rate hikes this year.

After two percent GDP growth in the first three months of the year, "the latest data suggest that economic growth in the second quarter was considerably stronger than in the first," Powell told lawmakers.

But in response to repeated questions from Senators, the Fed chief acknowledged that if the current trade frictions lead to higher tariffs, that could harm the US and global economies, in particular American farmers.

Trade policy "has significant effects on the economy," Powell said, and "there is no precedent for this kind of broad trade discussion."

If the end result is lower tariffs globally "that would be good," but if higher tariffs are in place for a longer time "that will be bad for our economy and other economies."

He said an open and rules-based international system "has served us

very well" in bringing down barriers to trade.

But Powell said the Fed was now hearing about companies putting investment plans "on ice for the time being."

Despite strong growth and recent gasoline price increases, the Fed chair was sanguine about the inflation picture, saying the rate had risen gradually after remaining stubbornly low but had not accelerated too fast.

The central bank's preferred inflation measure rose 2.3 percent in the 12 months ended in May, up from 1.5 percent a year earlier. Excluding volatile food and energy prices, the "core" inflation rate was two percent.

The economic recovery has supported strong job gains, averaging 215,000 a month in the first half of 2018, "a good deal higher than the average number of people who enter the work force each month," he said.

## India to inject \$1.65b in five state banks

REUTERS, New Delhi

The Indian government will inject a total 113.36 billion rupees (\$1.65 billion) in five state-run banks, including fraud-hit Punjab National Bank, in a week or so, a senior government official told Reuters on Wednesday.

Punjab National Bank will get 28.16 billion rupees, while Corporation Bank, Indian Overseas Bank, Andhra Bank and

Allahabad Bank are the other four lenders in which the government will inject capital in the latest round, said the official who did not want to be named.

The official said the capital was part of a total 2.11 trillion rupee package that was announced last year, and would not require separate approval from parliament.

There is no demand from banks at this stage to increase the package beyond the planned sum, the official said.

Major General Mohammad Maksudur Rahman, GOC and Area Commander at 10 Infantry Division in Bangladesh Army; Mohammed Nasir Uddin Chowdhury, managing director of LankaBangla Securities Ltd, and Khwaja Shahriar, CEO of LankaBangla Finance Ltd, attend a tree plantation programme organised by Ramu Cantonment in Cox's Bazar recently. LankaBangla Foundation arranged the programme as part of its corporate social responsibility.

LANKABANGLA FOUNDATION



Md Almas Shimul, a director of Crown Cement; Masud Khan, CEO of Crown Cement Group, and Md Alamgir Kabir, additional managing director of Crown Cement, pose with top dealers on "Crown Family Night" at The Palace Luxury Resort in Habiganj.

## EU sets provisional import duties on Chinese e-bikes

REUTERS, Brussels

The European Union will impose duties from Thursday on Chinese electric bicycles in a move to curb cheap imports that European producers say are flooding the market.

The duties are the latest in a series of EU measures against Chinese exports ranging from solar panels to steel, which have sparked strong words from Beijing.

The EU shares US concerns about technology transfers and state subsidies but has called on countries to avoid a trade war. Earlier this month, the United States and China slapped tariffs on \$34 billion of each other's imports.

The European Commission, which is carrying out an investigation on behalf of the 28 EU members, decided that tariffs of between 27.5 and 83.6 percent should apply for all e-bikes coming from China, the EU official journal said.

Taiwan's Giant, one of the world's largest bicycle makers with factories in China as well as the Netherlands, was subject to the lower rate of 27.5 percent.

The investigation itself is set to run until January 2019, when definitive duties typically lasting five years could apply.

The Commission found Chinese exports of e-bikes to the European Union more than tripled from 2014 to the 12 month period until Sept 2017.

Their market share rose to 35 percent, while their average prices fell by 11 percent.

The European Bicycle Manufacturers Association, which brought the case, said it applauded the decision, adding the duties would give European e-bike makers the chance to recover lost sales.

EU producers include Dutch groups Accell and Gazelle, Romania's Eurosport DHS and Germany's Derby Cycle Holding.

Imports of Chinese e-bikes were subject to registration from early May, meaning that the duties could be backdated until then. There is also a parallel EU investigation into whether Chinese e-bike exporters have benefited from excessive state subsidies.

## Swatch makes up for lost time with record sales

AFP, Zurich

Swatch, the world's top watchmaker, on Wednesday announced an all-time record in half-year sales, saying it has millennials to thank for bringing wristwatches back.

Swatch is best known for its brightly coloured plastic-cased watches, but also owns several luxury brands including Breguet and Omega.

Long the world's biggest watchmaker, Swatch has for years seen sales tumble as consumers around the world embraced the smartphone and smartwatch revolutions.

But the tide seems to be turning, driven by strong demand in Asia and

North America, the Swiss giant said.

"Consumer demand, particularly from millennials, for authentic innovative brand products is greatly increasing on a worldwide scale, regardless of region or price segment," Swatch said in a statement.

Group net sales increased by 14.7 percent at current exchange rates in the first half of 2018 to 4.27 billion Swiss francs (\$4.26 billion, 3.7 billion euros).

Net profit rose by 66.5 percent to 468 million Swiss francs, with operating profit soaring 69.5 percent to 629 million Swiss francs, the statement said.

The group added that the group expects further growth in the second half of the year.

"Impressive acceleration in both sales and quantities sold was reported across the board by all brands and in all price segments, not only in the prestige and luxury segment, but also in the middle and basic price segment," Swatch said. "All regions contributed to the best first semester sales in the history of the Group, led by Asia with very high growth rates," it added. "In North America, a double-digit sales increase was also recorded."

Swatch had a bad year in 2016, when Swiss watchmakers saw sales drop by 10 percent after a more than 3 percent fall in 2015.

The company returned to growth in 2017, driven by online sales.

Hafizur Rahman Khan, chairman of Runner Group, attends "Runner Annual Dealer and Partner Conference 2018" at the Sonargaon hotel in Dhaka recently.

RUNNER AUTOMOBILES

