

Mercantile Bank to honour eminent personalities, bankers

STAR BUSINESS REPORT

Mercantile Bank will honour 10 eminent persons and bankers with awards to recognise their contribution to the country in their respective fields.

Mercantile Bank Chairman AKM Shaheed Reza announced the names of the award recipients and the schedule of the award giving ceremony at a press meet at the bank's headquarters in Dhaka yesterday.

The bank will hand over the Mercantile Bank Sommanona-2018 award to Nirmalendu Goon for his contribution to the country's education and culture, Jahanaara Imam for freedom fighter and liberation war based research, Atiur Rahman for economics and economics based research, Mostafa Kamal of Meghna Group for commerce and industry and Mashrafe Bin Mortaza for sports.

The young bankers whose efforts will be recognised with the MBL Young Bankers' Appreciation Award-2018 are



Mercantile Bank Chairman AKM Shaheed Reza speaks at a press conference at the bank's headquarters in Dhaka yesterday.

Fayez Uddin Ahmed from First Security Islami Bank, Md Nazrul Islam Chowdhury from Trust Bank, Md Rajon Mia from Mercantile Bank, Md Riazul Haque from Bank Asia and

Mohammad Anwar Hossain from AB Bank. Commerce Minister Tofail Ahmed and Cultural Affairs Minister Asaduzzaman Noor are scheduled to attend the event to

be held at Pan Pacific Sonargaon hotel in the capital tomorrow. Mosharref Hossain, director of Mercantile Bank, and Kazi Masihur Rahman, managing director, were present at the press conference.

Uber brings intercity rides from Dhaka

STAR BUSINESS DESK

Uber, the world's largest on-demand ride-sharing company, yesterday introduced intercity rides from Dhaka for round trips to Gazipur and Savar.

The distance and time structure of Tk 22 for every kilometre and Tk 3 a minute would be followed during the rides to be provided under UberIntercity.

The service will be helpful for those looking to make a business trip or factory visit outside the city or head out with friends, or

simply craving a visit to their hometowns, the company said in a statement.

For a one way trip, there will be a return fare automatically applied once a trip ends outside Dhaka service area. The return fare will be charged according to the distance travelled in Gazipur or Savar area.

In case of a round trip fares will be calculated on the basis of distance and time spent during the entire trip, according to the statement.

A customer can keep the Uber in waiting for up to 10 hours, it says.

German shoppers fret over trade tensions: survey

AFP, Frankfurt

German consumer confidence is expected to dip slightly in August, a survey said Thursday, as shoppers warily eye an unfolding trade war between the European Union and the United States.

Market research firm GfK said its forward-looking poll of around 2,000 people slipped to 10.6, or 0.1 points lower than in July. "German consumers are becoming more and more convinced that international crises will slow German growth," the pollsters said in a statement.

"Especially the escalating trade conflict

with the US could impact export-nation Germany." But even as consumers fret over the economic outlook, they remain optimistic about their own income prospects and spending plans thanks to a solid labour market and low interest rates.

"Despite the geopolitical uncertainty, Germans remain in the mood to shop," GfK noted.

Trade tensions have risen since President Donald Trump hit steel and aluminium imports to the US with hefty tariffs and threatened to do the same to European cars, after the European Union retaliated with border taxes on American goods.

Europe's energy giants reap benefits of oil price surge

AFP, London

Anglo-Dutch energy giant Royal Dutch Shell, French peer Total and Spain's Repsol on Thursday logged surging second-quarter net profits on the back of soaring oil prices.

Rising oil prices can push up inflation and adversely impact the world economy further down the line -- but first they translate into rising revenues and profits for energy majors and producer nations.

"The rise in the price of crude is obviously very good news for oil companies," said analyst Fawad Razaqada at trading firm Forex.com.

He added: "The higher the price of oil goes, the better the profit margins and revenue would be for oil companies."

The oil market has been propelled by a

December 2016 deal between the Organization of the Petroleum Exporting Countries (Opec) cartel and Russia to curb production. The price of London Brent crude, which is the main global oil benchmark, has jumped about 50 percent over the last twelve months to the current level of \$74 per barrel.

Fearing an out-of-control spike in prices, Opec and Russia reached a new deal in June to open the taps.

The buoyant market has nevertheless fizzed higher on output disruptions in oil producers like Iran, Libya and Venezuela.

Royal Dutch Shell announced Thursday that second-quarter net profits quadrupled, energised by high oil prices and asset sales, and launched a vast \$25-billion shares buyback.

Daimler revenue drops for trade war, diesel refits

AFP, Frankfurt

German automaker Daimler on Thursday reported falling revenues and profits in the second quarter despite selling more cars, as trade war and the cost of refitting manipulated diesel vehicles gnawed at its financial results.

The Mercedes-Benz and Smart manufacturer booked net profit attributable to shareholders of 1.73 billion euros (\$2.0 billion) between April and June, down some 29 percent year-on-year.

While the group sold 1.0 percent more cars and trucks, at 833,005 vehicles, revenues fell 1.0 percent, to 40.8 billion euros.

Operating, or underlying profits

also fell 27 percent, to 2.6 billion euros.

"The automotive industry and therefore we too have many challenges to overcome," chief executive Dieter Zetsche said in a statement.

Daimler pointed to "temporarily weaker pricing including tariffs" as the main reason why revenues and operating profits fell at its flagship Mercedes-Benz cars division.

Like high-end rival BMW, the group has suffered as autos it builds in the United States have been met with border taxes when entering China, after Beijing retaliated against levies imposed on its goods by US President Donald Trump.

Also weighing on the division and the Mercedes-Benz vans unit were currency headwinds and the cost of refitting some 774,000 diesel vehicles across Europe that Berlin ordered recalled in June.

Authorities said the cars contained "illegal defeat devices", engine software used to make them appear to emit less harmful pollutants in the lab than in real on-road driving.

The mass recall dragged Daimler deeper into the "dieselgate" scandal that had previously mostly dirtied Volkswagen's image.

Meanwhile Daimler's financial services division suffered a collapse in operating profit, from 522 million euros in 2017's second quarter

to 66 million this year.

One 418-million-euro charge arose over Daimler's role in a system set up to collect tolls on trucks on German highways.

After it suffered massive problems in its first 16 months of operation, a court ruled businesses involved in a must pay Berlin compensation.

Looking ahead to the full year, Daimler expects to report operating profit "slightly lower" than 2017's 14.7 billion euros.

It blamed the weak outlook on the impact of China's tariffs and the costs of new, more stringent emissions testing procedures known as WLTP, as well as the cost of the diesel recall.

'New phase' in EU-US trade lifts BMW, VW shares

AFP, Frankfurt

Shares in German carmakers BMW and Volkswagen surged more than 4.0 percent Thursday morning before falling back, as investors welcomed an EU-US agreement to smooth over trade differences that could have harmed the industry.

Volkswagen stock was up 3.0 percent at 150.32 euros (\$176.28) by 0750 GMT, while BMW had gained 2.4 percent to trade at 81.81 euros, against a DAX index of blue-chip German shares up 1.35 percent.

But Mercedes-Benz Daimler lost out, shedding 0.5 percent to trade at 57.58 euros after reporting disappointing second-quarter results.

US President Donald Trump and EU Commission President Jean-Claude Juncker said Wednesday they would launch a "new phase" in the transatlantic trading relationship.

Juncker had travelled to the White House for last-ditch talks to fend off American tariffs on car imports.

Trump had previously ordered the Department of Commerce to look into charging border taxes of up to 25

percent on vehicles from the EU.

Washington and Brussels will "work together towards zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods," Trump said.

In addition, the EU has made a commitment to buy US soybeans and natural gas.

"Obviously the European Union, as represented by @JunckerEU and the United States, as represented by yours truly, love each other!" Trump tweeted, along with a picture of him and Juncker embracing.



Habibur Rahman, centre, chairman of Pubali Bank, attends "The 2nd conference-2018 of Regional and Corporate Branch Managers" at its head office in Dhaka on July 22. Md Abdul Halim Chowdhury, third from left, CEO, was present.

Footwear piques Chinese firms

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Countries participating in it include China, the USA, Hong Kong, India, South Korea, Taiwan, Turkey, Italy, Thailand, and Vietnam. A total of 240 stalls were set up to showcase their products and machinery.

"We are trying to be a big player in supplying leather and footwear manufacturing machinery in Bangladesh as the market is booming here," said Rophy Huang, sales manager of Fengchang Automatic Equipment Co Ltd, China.

Talking to The Daily Star, Huang said they were also working on establishing an office in Chittagong. "We are also looking for business partners in Bangladesh," she said.

Regarding the domestic footwear market's current size, Syed Manzur Elahi, chairman of Apex Group, said it was roughly Tk 2,700 crore and its growth was 10 to 12 percent year-on-year. According to Elahi, also a former adviser to a caretaker government, exports crossed \$450 million last year.

Huang's company is showcasing a machine that gives the finishing touches to sports and leather shoes and leather bags. Its price starts at \$18,000, based on whether it was using Japanese, Chinese or German technology.

Wang Xianjian, director of Yinwei (HK) Trade Co Ltd, said they have already supplied machines to Bangladeshi companies such as Papella, Youngone, Royal Footwear, Blue Ocean Footwear, Bay Footwear and Atlas Footwear.

Shishi QingCanXing Hardware Co Ltd, a metal buckle manufacturer, is displaying hundreds of ornamental designs and accessories. Shelly Yua, who looks after the company's international sales, said they were yet to start exporting to Bangladesh. She said business was growing in Bangladesh for the sector was producing world class products.

AKM Azad, proprietor of SAS Enterprise and vice president of BIAA, said the sector has been witnessing a gradual rise in product diversification and use of technology.

He said there was at least 100 export-oriented medium and big footwear manufacturers in Bangladesh.

Inaugurating the fair, Industries Minister Amir Hossen Amu said leather and footwear exports witnessed a seven-fold growth in the last decade, leading to Bangladesh becoming the world's eighth largest shoe manufacturer.

Vibrant bond market to beef up financial sector: analysts

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But Asian financial sectors including Bangladesh's are heavily dominated by banks. As a result, these are not well suited to finance long-term investments on a large scale as the tenure of bank deposits is usually short.

The existence of a robust bond market mitigates the potential maturity mismatch of a bank dominated financial sector, reduces financial sector fragility and provides long-term capital for investment at a lower rate, Chowdhury said.

The bond market in Bangladesh is still in its infancy with only a primary government debt market, which is characterised by a small number of participants as primary dealers, especially the dominant commercial banks.

A rudimentary secondary market does exist with only two corporate

bonds. After realising the issues, the government with support from the Asian Development Bank is in the process of amending several corporate bond issuance regulations to enhance the supply of bonds, Chowdhury added.

Many diversified securities should be launched to make the bond market vibrant, said Prashanta Kumar Banerjee, professor of the BIBM, in his keynote speech.

The investors will show a keen interest in the bond market if the products like fixed coupon and sukuk bond are introduced here, he added.

There is a requirement for long-term investment to achieve the country's vision 2041, said Barkat-e-Khuda, chair professor of the BIBM.

Coordination among the

policy-making agencies should be important to extend the bond market, said Helal Ahmed Chowdhury, supernumerary professor of the BIBM.

"We cannot depend on only the banking sector to achieve the targets of sustainable development goals. A vibrant bond market will play an important role in reaching the goals," Chowdhury, also a former managing director of Pubali Bank, called for skilled manpower to operate the market.

Toufic Ahmad Choudhury, director general of the BIBM, presided over the discussion. No liquidity crisis in the financial sector will remain if a strong coordination among bond market, banking sector and capital market could be established, he said.

Launch to be delayed again

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On the other hand, market insiders said Grameenphone, Robi and Banglalink were also ready to provide the service, sans the international call issue.

Mobile number portability, as it is known, gives mobile phone users choice and boosts competition in the market. Singapore pioneered the service in 1997. Now over 72 countries have it. Neighbouring India and Pakistan introduced it a few years ago.

Discussions opened in 2009 and the BTRC in June 2013 asked the

mobile phone operators to introduce it from 2014. With operators not complying, a tender was called in 2017 to give out a licence for a single entity to provide the service and five responded.

Infozillion then got the licence on November 30 last year.

At a meeting with Telecom Reporters Network Bangladesh at his office yesterday, Mabroor Hossain, managing director of Infozillion Limited, said they would charge an operator Tk 150 for each subscriber that switched to it.

According to the BTRC guideline, customers will have to reach the operator they intend to switch to and pay Tk 30 alongside a 15 percent VAT to get a replacement SIM card.

"Customers will have to pay only around Tk 34 in total," Hossain said. He said they had invested some Tk 55 crore so far and estimated to break even after around nine years.

Currently there are about eight crore mobile phone users and 15.09 crore active SIMs in the market as of June. Infozillion and the operators estimate only 2 percent will switch initially.

Deal signed with Czech Republic to avoid double taxation

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Bangladeshi investors will also feel encouraged to invest in the central European country, said the NBR.

Kalipada Halder, NBR's member for international taxes, and Vaclav Zika, leader of the delegation from tax authority of the Czech Republic, signed the agreement at a programme at Pan Pacific Sonargaon Hotel in Dhaka.

Both the countries will ratify the agreement later, another NBR official said. This is the 34th DTAA that Bangladesh has signed so far to avoid double taxation. The tax authority is also working on signing the agreement with six more countries.

Banks get more room to lend

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Now, banks will also be allowed to show the net investment of the bond as deposits while calculating the loan-deposit ratio. Previously, the central bank didn't take into account the net investment in subordinated bonds while calculating the loan-deposit ratio.

Banks will get a space of 0.30 percent to calculate the loan-deposit ratio, a BB official told The Daily Star.

The Association of Bankers, Bangladesh, a platform of the chief executives of the private banks, has long been demanding a revision of the guidelines to ease the liquidity crunch in the banking sector.

Telcos too have to cut VAT on internet use: NBR

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However, the NBR is yet to take any decision on what measures will be taken for the extra VAT the mobile phone operators have so far charged till July 1.

The government earns about Tk 1,100 crore from VAT on internet use every year. As of June, there are 8.97 crore active mobile internet connections and 56.85 lakh broadband connections, according to the BTRC.