

China trade surplus with US eases in July

AFP, Beijing

China's trade surplus with the United States eased in July, when President Donald Trump imposed stiff tariffs on billions of dollars worth of Chinese goods in a showdown between the world's two biggest economies.

The figures on Wednesday come as the two exchange threats of further measures, which have fuelled fears of a trade war many observers warn could hammer global business.

Beijing reported a \$28.1 billion surplus for July, down from the record \$28.9 billion seen in June. China's gaping trade surplus with the United States has been a constant bone of contention, with Trump accusing the country of unfair practices, stealing American jobs and thieving its technological know-how.

China's global trade surplus fell even more, from \$41.5 billion in June to \$28 billion in July as imports and exports soared.

The dip in China's US surplus is unlikely to ease tensions with the Trump. The White House on July 6 imposed 25 percent tariffs on \$34 billion of Chinese products entering the US, triggering an instant tit-for-tat

response from Beijing.

US officials said Tuesday they would slap 25 percent levies on another \$16 billion worth of Chinese imports from August 23.

The move had been widely expected but with China lining up retaliatory measures it reinforced worries that the two sides are heading for an all-out trade war that could hammer the global economy.

The US has also lined up another \$200 billion worth of Chinese imports to target in future.

American imports far more from China than the other way around, meaning Beijing may at some point need to look for other means of retaliation.

The office of US Trade Representative Robert Lighthizer said its "exhaustive" investigation showed "China's acts, policies and practices related to technology transfer, intellectual property and innovation are unreasonable and discriminatory and burden US commerce."

US officials said there were 279 new goods to be targeted in the latest round of tariffs, including motorcycles, tractors, railroad parts, electronic circuits, motors and farm equipment.

The dispute has continued to

escalate, with Trump last week threatening to raise to 25 percent from the planned 10 percent tariffs on the next \$200 billion in Chinese imports his administration plans to target.

Beijing has called on US officials to be "cool headed", but said last week it would impose duties on an additional \$60 billion in US goods, a threat the White House dismissed as "weak".

Trump has boasted that trade wars are "easy to win" and warned he would hit virtually all Chinese imports if Beijing does not back down and take steps to reduce its \$335 billion US trade deficit.

US industries and farmers have been caught in the crossfire, and the Trump administration announced \$12 billion in aid to help farmers hurt by Chinese duties on crops such as soybeans.

The US-China trade war will cut the global gross domestic product by 0.7 percent by 2020, Oxford Economics said in a note on Tuesday.

Despite the tariffs war with the US, China's worldwide exports rose a better-than-forecast 12.2 percent in July, while imports were up a much-higher-than-expected 27.3 percent.



RANCON ELECTRONICS

Romo Rouf Chowdhury, group managing director of Rancon Group, opens a flagship showroom Astra brand at Rangs Bhaban on Bijoy Sarani in Dhaka yesterday. Kazi Samiur Rahman, CEO of Rancon Electronics, was present.

Pakistan defends its economic partnership with China

AFP, Islamabad

Pakistan Wednesday defended its economic partnership with China, amid fears that the terms of opaque multi-billion dollar investments by Beijing could be exacerbating Islamabad's economic woes as it considers a fresh IMF bailout.

"We have noted recent media reports questioning the viability of China Pakistan Economic Corridor (CPEC), claiming that it would create an unbearable debt burden for Pakistan," the government said in a statement issued to the media.

"Such media reports are often one-sided, distort facts, and are based on irresponsible statements by individuals who either have no understanding of CPEC or are driven by ulterior motives," the statement continued.

CPEC is an ambitious plan by Beijing to build infrastructure in Pakistan, mainly energy and transport, connecting the western Chinese region of Xinjiang with the Arabian Sea.

It is part of China's massive "Belt and Road" initiative seeking to revive ancient trade routes through a massive rail and maritime network via \$1 trillion in investments across Asia and Europe.

But the opaqueness of the CPEC terms has led to concerns as Pakistan faces a looming balance-of-payments crisis, with analysts saying it will need to take urgent action, potentially seeking a bailout from the International Monetary Fund (IMF).

"It is because of the favourable financing arrangements that Pakistan opted for Chinese investment under CPEC," said the statement, issued under the caretaker administration currently running the country pending the formation of a new coalition government by election winner Imran Khan.

"China stepped forward to support Pakistan's development at a time when foreign investment had dried up, and economic activity was being crippled by energy shortages and infrastructure gaps," it said, calling CPEC a "win-win".

Chinese energy companies have "raised funds from Chinese banks and investors", and these do not constitute any debt obligation on Pakistan, the statement said.

"CPEC projects are financed through a composite financing package comprising long-term government-to-government concessional and preferential loans, as well as grants from the government of China. Repayments on these loans would not commence in the immediate future," it added.

The details come after US Secretary of State Mike Pompeo voiced concerns in July over any IMF bailout being used to repay Islamabad's debts to China, with whom Washington is engaged in a trade war.

On Tuesday Pakistan's likely future finance minister Asad Umar announced that the decision on a possible IMF loan would be taken by "the end of September".

Coca-Cola brings Fanta Lychee

STAR BUSINESS DESK

Coca-Cola Bangladesh has recently launched a new Fanta Lychee marking Eid-ul-Azha.

Fanta Lychee is currently available in 250ml PET bottle in Chittagong, Sylhet, Khulna and Barisal for Tk 20 and will soon be available all over the country, says a statement.

"With a bright, bubbly and refreshing taste, Fanta Lychee promises to bring back fond memories of childhood with every delightful sip," according to the statement.

Shadab Khan, managing director of Coca-Cola Bangladesh Ltd, said, "Consumer choices are constantly evolving and while we nurture our existing brands, it is also important for us to add new offerings to our portfolio."

"Lychee, one of Bangladesh's most favorite seasonal tastes, is now available anytime throughout the year for consumers. Fanta has always been fun, bold and vibrant, and now we're making it more unique and natural too," he added.



BANK ASIA

Md Arfan Ali, president and managing director of Bank Asia, and Kamrul Ahsan, founder and CEO of mobile financial services provider Mobility i Tap Pay, attend a deal signing ceremony at the bank's corporate office in Dhaka recently on jointly bringing in more remittance from Malaysia.

Export target: \$39b

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"We have improved the situation of Chittagong port significantly so that export and import activities get impetus," he said. The minister hoped that exports to the major markets like the EU, the US and Canada would continue to grow this year too.

The minister also set a target for services export at \$5 billion, which is 7.43 percent higher than last year's achievement of \$4.28 billion. So the total export value is \$44 billion, including the \$39 billion merchandise and \$5 billion services export, the minister said.

With the higher cash incentives in place, garment export to some new destinations like India, China, Japan and Australia grew a lot this year, said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

"We can hardly explore the Russian market, another potential new destination for us. The government should work with

us on how to reduce the over 40 percent duty on garment export to Russia from Bangladesh," Rahman said.

Calling for improving infrastructure, Shafiul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, said the export and import activities were being affected due to mismanagement at the Dhaka airport and Chittagong sea port.

"The export and import goods are left under the open sky at the airport in Dhaka, incidents of theft of goods at the cargo village at the airport in Dhaka are rampant," Mohiuddin said. "The commercial councillor assigned in different missions abroad should be more responsible in achieving the target," he added.

"African and Middle Eastern markets also remain untapped for the country. We should work in those markets for increasing our export," the chief of the apex trade body said.

Indian regulator clears Walmart's \$16b acquisition of Flipkart

REUTERS, New Delhi

India's antitrust regulator on Wednesday approved US retail giant Walmart Inc's \$16 billion acquisition of Indian ecommerce firm Flipkart, beefing up the competition for rival Amazon.com Inc in the fast growing market.

Bentonville, Arkansas-based Walmart announced in May it was acquiring about 77 percent of Flipkart for roughly \$16 billion, the biggest deal in India's ecommerce sector, which Morgan Stanley has estimated will grow close to an annual \$200 billion in a decade.

An Indian body of Traders Confederation of All India Traders had opposed the Walmart-Flipkart combination saying it would create unfair competition and drive local convenience stores out of business.

The Competition Commission of India has approved the proposed acquisition of Flipkart Private Ltd by Walmart, the antitrust body said in a message on twitter.

Walmart had previously said it may take Flipkart public in as early as four years.

Brazil inflation slows in July after truckers' strike

AFP, Rio De Janeiro

Brazilian annual inflation rose 4.48 percent through July, the government statistics office said Wednesday, slowing significantly after a spike caused by a truckers' strike in May.

For the month of July, consumer prices rose 0.33 percent, compared to 1.26 percent in June as a result of the strike which saw goods disappear from shop shelves and gas stations run out of fuel.

A panel of analysts in the financial daily Valor had expected a 0.27 percent price rise for the month.

Govt shelves plan of crop insurance

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Abdullah said inclusion of the crop insurance provision was a "violation" of government policy. The prime minister and agriculture minister have made it clear that the government would not be providing the insurance, he said.

"And, I think those who included the provision should be punished. It should be examined why this provision was included," he said.

"None will attend any meeting related to crop insurance and give speech. And if any point is raised in any discussion related to crop insurance, it should be made clear that the government will not get into crop insurance," said Abdullah.

Talking to The Daily Star later, he said the decision had not been taken anew. "Crop insurance had never existed and we will not do this," he said.

"Who will pay the premium? Who will coordinate with farmers?" he said.

The comments came against the backdrop of state-run Sadharan Bima Corporation having just completed the piloting of a "Weather Index Based Crop Insurance" project in Rajshahi, Sirajganj and Noakhali districts.

Asian Development Bank provided Tk

16.38 crore while the government bore the rest of the project cost of Tk 21.34 crore.

The Manila-based multilateral lender earlier this year called for government investment to be scaled up for sustainable agriculture insurance, saying it was a useful instrument for shifting financial risks away from farmers.

Finance Minister AMA Muhith, in several of his past budget speeches, talked about introducing crop insurance for farmers due to natural disasters such as floods, droughts and cyclones.

Farmers suffer from a recurrence of floods, cyclones and other calamities. But they cannot protect themselves and their produce in the absence of an insurance scheme.

Abdullah yesterday said the cabinet has approved a National Agriculture Policy 2018 and it would be published soon.

He recommended that the DAE finalise the NAEP 2018 in light of the recently approved agriculture policy.

Wais Kabir, executive director of Krishi Gobeshona Foundation, spoke of a threat posed by trans-boundary diseases. He advocated for developing local diagnostic facilities and improving skills of agricultural extension workers.

Gas from LNG terminal this month: minister

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The state minister also said the government will soon sign a memorandum of understanding with Nepal to import hydroelectricity.

About Reliance Company's investment in Bangladesh, Hamid said the Indian conglomerate will invest \$2 billion to \$3 billion and the decision will be finalised after taking all issues into consideration.

Tk 11,530cr discrepancies detected after GP audit

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"As a general principle, we do not comment on rumours and speculations. The system audit by a BTRC-appointed auditor is a long pending issue, and we expect that there would be dialogue with the operators before arriving at a conclusion," the operator told The Daily Star.

Norwegian Telenor has a 55.8 percent share of Grameenphone. Grameen Telecom Corporation owns 34.2 percent of the stakes and the remaining 10 percent of the shares belong to retail and institu-

tional investors. In the meantime, the regulator has asked Robi to pay Tk 867.24 crore to itself and the NBR as missed or under payments over a 19-year period, detected after a thorough audit.

About the auditing issue, Telecom Minister Mustafa Jabbar said all operators will have to comply with the local rules and regulations and comply with the audit findings for doing business in Bangladesh.

"They will not get any scope to avoid the audit findings and will not get any space to bypass the payables," Jabbar said on Monday.



Santanu Kumar Das, director for business development at Apollo Hospitals Dhaka, and Md Imrul Hassan, president of Bashundhara Group's club Bashundhara Kings, sign documents of a deal in Dhaka recently. The club's footballers will get health assessments, vaccination and outpatient and inpatient department services at Apollo.

APOLLO HOSPITALS



WATERAID

Roxana Quader, additional secretary to the local government division, LGRD ministry; Edouard Beigbder, Unicef country representative; Valeria De Oliveira Cruz, acting WHO country representative, and Md Khairul Islam, WaterAid Bangladesh country director, attend the launch of a two-day workshop of UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water for 2018 in Dhaka that ended yesterday.