

Empty shipyard and suicides as 'Hyundai Town' grapples with grim future

REUTERS, Ulsan, South Korea

When Lee Dong-hee came to Ulsan to work for Hyundai Heavy Industries five years ago, shipyards in the city known as Hyundai Town operated day and night and workers could make triple South Korea's annual average salary.

But the 52-year-old was laid off in January, joining some 27,000 workers and subcontractors who lost their jobs at Hyundai Heavy between 2015 and 2017 as ship orders plunged.

To support their family, Lee's wife took a minimum wage job at a Hyundai Motor supplier. His 20-year-old daughter, who entered a Hyundai Heavy-affiliated university hoping to land a job in Ulsan, is now looking for work elsewhere.

The Lee family's fortunes mirror the decline of Ulsan, which is now reeling from Chinese competition, rising labor costs and its over-reliance on Hyundai - one of the giant, family-run conglomerates or chaebol that dominate South Korea.

Generations of Hyundai workers like Lee powered South Korea's transformation from the ashes of the 1950-53 Korean War to an industrial and manufacturing powerhouse, making the southeastern port of Ulsan the country's richest city by 2007.

But some experts say the chaebols have now become complacent and risk averse, failing to keep pace with their overseas competitors.

South Korea's focus on exports has also made Asia's fourth-largest economy vulnerable to growing protectionism by major trade partners and other external shocks.

"Hyundai was everything to me. I feel hopeless," Lee said at his apartment, a high-rise complex popular with Hyundai Motor workers 10 km (6 miles) from the automaker's factory.

With young people fleeing in search of jobs, Ulsan is now the fastest-aging city in the country, according to Statistics Korea. The city's population of 1.1 million has more than quadrupled since 1970, but fell for the first time in 2016 even as population grew in the rest of the country.

In many ways, the challenges facing Ulsan mirror those faced in the American Midwest in the 1970s and 1980s, when the once prosperous industrial heartland was hit by massive job and population losses.

Some experts and industry executive warn Ulsan - home to the world's biggest shipbuilder and largest carmaking complex - might be South Korea's 'Rust Belt' in the making.

"It could be worse here, since it's all about Hyundai and its suppliers," said Mo Jong-ryn, a professor of international political economics at Yonsei University in Seoul. "There is no alternative."

Legendary businessman Chung Ju-yung founded Hyundai Motor in Ulsan in 1967 and Hyundai Heavy six years later, turning the small fishing village known for whale hunting into a giant company town.

For decades, job seekers flocked to the city, drawn by high wages, company-subsidized housing and generous benefits.

Hyundai's dominance is still keenly felt. Workers wearing gray Hyundai uniforms drive

Hyundai cars, shop at Hyundai department stores, live in Hyundai apartments and go to Hyundai hospitals for medical service. Their children go to Hyundai schools and universities.

In the wake of the downturn, Hyundai Heavy has been selling assets such as employees' dormitory, and a large foreign community complex it used for clients such as BP and Exxon Mobil and their families, officials say. The foreigners' complex featured townhouses, a golf course, a swimming pool and school.

A spokesman said Hyundai Heavy was doing its utmost to "normalize our company", working with labor unions to address a lack of work and an idled workforce.

Ripples from Hyundai's struggles spread throughout Ulsan.

Eom Soon-ui runs a small noodle place in a traditional market blocks away from Hyundai Heavy's headquarters. One recent workday, the market was mostly empty, with about a dozen restaurants as well as uniform shops catering to shipyard workers closed.

"Hyundai makes or breaks for merchants like us. They're doing poorly, so I'm struggling to make ends meet," she said.

Ulsan accounted for 12 percent of South Korea's exports last year, the lowest since 2000 and down from its peak of 19 percent in 2008, according to customs data.

The city also has seen a rising number of suicides and now has the highest suicide rate in the country for those aged between 25 and 29, according to Statistics Korea.

Uniform call rate from today

FROM PAGE B1

However, customers who mostly make on-net calls would have to spend more because of the single rate while the off-net callers will benefit from the move, he said.

"We welcome the initiative taken by the government," said Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink.

"We firmly believe that it will play a significant role in simplifying customers' lives as they will no longer need to think about the network they are calling to."

Customers can now make on-net and off-net calls at the same cost, which was not possible before, he said.

"As we received the final directive this afternoon, we are working to implement it complying with all the instructions. Banglalink is always committed to providing the best value for money to its customers."

The order came from Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy during a meeting with the officials of the telecom regulator and the mobile operators two weeks ago.

At the meeting, recommendations were placed to fix Tk 0.40 for every minute of mobile phone calls, but it was discarded later showing reasons that state-run Teletalk would have to count losses if the rate is fixed at Tk 0.40, a BTRC official said.

Earlier, Banglalink had recommended the rate to be fixed at Tk 0.45 a minute while Robi wanted it to be Tk 0.55 a minute, but the largest operator, Grameenphone, opposed the whole idea.

The operators charge Tk 0.35 to Tk 0.40 per minute on an average for on-net calls and Tk 0.91 to Tk 1.05 for off-net calls. In both cases, the upper ceiling is Tk 2 a minute, which will remain unchanged in the new rate structure. Currently, there are 15.09 crore active mobile connections.

Tourism board gets new CEO



STAR BUSINESS DESK

Md Jahangir Hossain, an additional secretary, has recently joined Bangladesh Tourism Board (BTB) as CEO.

Prior to joining BTB, he served as an additional secretary to the home ministry, BTB said in a statement yesterday.

Hossain started his career in civil service in 1989, according to the statement.

He worked in different divisions and ministries including Bangladesh Television, Bangladesh Public Service Commission, Department of Women Affairs; posts, telecom and ICT ministry.



Aminul Hassan, a commissioner of Bangladesh Telecommunication Regulatory Commission; Yasir Azman, deputy CEO of Grameenphone; Md Maksudur Rahman, senior director at Symphony, and Sameer Kakar, vice president at Micromax, attend an event at the Sonargaon hotel in Dhaka on Sunday when Grameenphone added two new co-branded smartphones, Symphony G100 and Micromax B5 Pro, to its 4G ecosystem.

GRAMEEPPHONE

Businesses have to use electronic fiscal devices from Nov 1

FROM PAGE B1

The NBR has given technical specification of EFDs and EFPs for traders to ensure before installing in their stores to record sales.

The EFDs must be able to exchange data with EFDMS. Business will get code from EFDMS and issue sales receipts to customers.

Each EFD will be registered against one Business Identification Number (BIN). But if a business uses two or more EFDs, all will be registered against a single BIN.

If any business uses POS, the firm will have to have EFP and the device should have features to send data to EFDMS at the NBR.

Hotels, restaurants, supermarkets, clothing stores and shops in malls, sweet shops, furniture stores, beauty parlours, electronic or electrical household items sellers, community centres, department stores, small and medium wholesale stores and jewellery stores will have to use EFDs.

The NBR should have issued the order of implementing EFD after discussing it with businesses, said Helal Uddin, president of the Bangladesh Shop Owners Association.

"Discussion is necessary as many shop operators do not realise yet that the use of ECR allows them to keep accounts properly. It will not be possible to implement the system by force."

Musk says Saudi fund pushed for two years to take Tesla private

REUTERS

Saudi Arabia's sovereign wealth fund has been pushing to take electric carmaker Tesla private in talks with Chief Executive Elon Musk dating back nearly two years and also backed the deal last week, Musk said in a blog post on Monday.

Musk last week shocked investors with his announcement on Twitter that he was looking to take Tesla private at \$420 a share, valuing the company at \$72 billion. He provided no details on funding except that it was "secured".

"Going back almost two years, the Saudi Arabian sovereign wealth fund has approached me multiple times about taking Tesla private," Musk wrote in a blog post on Monday.

"They first met with me at the beginning of 2017 to express this interest because of the important need to diversify away from oil.

They then held several additional meetings with me over the next year to reiterate this interest and to try to move forward with a going private transaction.

Ease trade rules to attract more US investment

FROM PAGE B1

"Good part of the strategy is about keeping markets open, keeping sea lines open, keeping opportunities available for countries to attract investment to grow their business sectors. In Indo Pacific strategy, Bangladesh is considered as one of the strongest partners in South Asia," she said.

"It is my expectation that Bangladesh will continue to grow. The next level of Trade and Investment Cooperation Forum Agreement (TICFA) talks will be held between September 13 and 14 in Washington where the bilateral trade issues would be discussed widely by both partners."

Bernicat suggested strong corporate value that not only involves good products and a good price that was reliable but also improving the environmental value with corporate social responsibility and conducting business in a fair and transparent manner. Those practices and values about doing business are the right ways, she added.

Govt yet to decide on joining Belt and Road

FROM PAGE B1

"We have already sent a letter to China to continue to getting the duty benefit on exports," Ahmed told reporters.

Bangladesh has started taking efforts to enjoy the duty facility as the Chinese government said that it would cancel the benefits it gives under the existing Asia Pacific Trade Agreement (APTA), Ahmed said.

Bangladesh has also been trying to sign a free trade agreement (FTA) with the Asian economic giant to continue to get the duty benefit, the minister said. But the signing of an FTA generally takes a long time, he said. Bangladesh has been enjoying duty benefit on export of 83 products under the APTA to China.

China is the largest import destination for Bangladesh.

China may end up inadvertent winner from Trump's aluminium tariffs

REUTERS, Launceston, Australia

It's probably not what US President Donald Trump had in mind when imposing tariffs on aluminium imports, but it looks likely that some of the big winners from the 10 percent import tax will be China's producers.

While Chinese aluminium companies now face the same tariff obstacle as other exporters to the United States, they appear better placed to benefit from some of the (most likely) unintended consequences of the Trump administration's policies.

The Trump tariffs and measures against major Russian producer Rusal, along with a strike at Alcoa's alumina and bauxite operations in Western Australia are combining to roil aluminium markets.

Throw in Trump's move to double the tariff on aluminium from Turkey and the result is a market that was most likely in a small supply deficit this year is now more concerned about the risk of supply disruptions.

Rusal, which produced 1.87 million tonnes of aluminium in the first half, is a major supplier not

only to the United States, but also to other countries around the world.

It is reportedly concerned that it will have to halt production or stockpile output if an agreement on US sanctions against it cannot be reached.

The Trump administration has given Rusal's US customers until Oct. 23 to end their business with the Russian company.

If no deal is reached to extend, or amend, that deadline, the aluminium market is likely to face severe disruptions as Rusal's output is blocked from world markets.

The Trump tariffs are also hurting the US aluminium producers they are designed to help, with Alcoa asking for an exemption from the tariffs because it imports essential aluminium products from its facilities in Canada.

Alcoa said in July it will incur as much as \$14 million a month in extra expenses, mainly from tariffs levied on aluminium imported from Canada, its biggest supplier.

If Rusal is largely blocked from the global aluminium market, and if strikes do translate into supply disruptions, there are very few

producers currently able to take advantage.

China's aluminium producers do have spare capacity, and assuming they can work their way around some of the pollution measures, they are able to make more of the lightweight metal, used in products such as beverage cans and motor cars.

Global aluminium output was 5.321 million tonnes in June, down 2.2 percent from the previous month, according to figures released on July 20 by the International Aluminium Institute.

However, China's aluminium output, which is more than half of the global total, ramped up in June to 2.83 million tonnes, up 1.6 percent from the prior month, according to official figures.

Daily production in June was about 94,000 tonnes, the second-highest on record, according to Reuters calculations based on data available from the National Bureau of Statistics.

China's smelters are responding to a rising domestic prices, with benchmark Shanghai futures up 5 percent from the recent low in mid-July to the close of 14,520 yuan

(\$2,110) a tonne on Aug. 10.

While the US tariffs on aluminium imports have only been in effect since the start of June, they don't appear to be hurting Chinese exports as yet.

Exports of unwrought aluminium and products surged to the second-highest on record in July, coming in at 519,000 tonnes, according to preliminary trade data released on Aug. 8.

This was up 18 percent from the same month in 2017, and year-to-date exports are 13.6 percent higher than for the first seven months last year.

This data doesn't suggest the Chinese aluminium sector is struggling, the main issue for them will be attempting to maximise output while complying with a new round of pollution restrictions.

However, newer and more efficient smelters may help China produce more aluminium at a lower cost, while also reducing the emissions intensity per unit.

When Trump launched his initial steel and aluminium tariffs he tweeted that "trade wars are good, and easy to win".

New CEO for BD Finance Securities



Md Abdur Rouf

STAR BUSINESS DESK

Md Abdur Rouf has recently been appointed managing director and chief executive officer of BD Finance Securities Ltd, a subsidiary of BD Finance and Investment Company Ltd.

Prior to the new role, he was managing director of Karmasangsthan Bank. He also worked as deputy managing director at Sonali Bank and as general manager at the Investment Corporation of Bangladesh.

Rouf attained a master's degree in management from the University of Dhaka.

WB gives \$510m to improve secondary education system

FROM PAGE B1

For this, the programme will support modernisation of curriculum and ensure professional development, management, and accountability of teachers, Paralkar added.

The programme will provide training to 500,000 school teachers to enhance quality of secondary education. It will also support learning assessments of students in grade 6, 8 and 10 to identify learning gaps and suggest policy actions.

"The 7th Five-Year Plan recognises secondary education as a critical education cycle to equip the youth with foundational skills to enhance work productivity and learn new technologies," said Kazi Shofiqul Azam, secretary to the economic relations division. The financing will contribute to the government's nationwide secondary education development programme and help ensure that the future generations are equipped with the right skills needed for a growing economy, he added.

The credit from the WB's International Development Association, which provides grants or zero-interest loans, has a 38-year term, including a six-year grace period, and a service charge of 0.75 percent.



Qazi Kholiquzzaman Ahmad, chairman of Palli Karma-Sahayak Foundation, speaks at a seminar on entrepreneurial spirit and employability skill organised by Entrepreneurial Economists Club of Dhaka School of Economics (DScE) yesterday. Muhammad Mahboob Ali, coordinator of masters in Entrepreneurship Economics at DScE; Zaheda Ahmad, former professor at Dhaka University, and Rehana Parvin, assistant professor of DScE, were present.

DHAKA SCHOOL OF ECONOMICS