



**Mohammed Jahangir Alam, chairman of GPH Group, and Alamgir Kabir, chairman of GPH Ispat, open a new office of GPH Ispat at Hamid Tower at Gulshan in the capital on Tuesday.**

GPH ISPAT

## US finalises \$4.9b fine on RBS for financial crisis conduct

AFP, New York

Britain's Royal Bank of Scotland will pay \$4.9 billion to settle charges it misled investors on mortgage-backed securities ahead of the financial crisis, the US Justice Department announced Tuesday.

Edinburgh-based RBS committed a variety of ills associated with the underwriting and packaging of subprime loans into securities that became toxic in the US housing bust, US officials said.

"Many Americans suffered lasting economic harm as a result of the 2008 financial crisis," said Acting Associate Attorney General Jesse Panuccio.

"This settlement holds RBS accountable for serious misconduct that contributed to that financial crisis, and it sends an important message that the Department of Justice will pursue financial institutions that illegally harm the American economy and our consumers."

A final settlement was expected after RBS in May disclosed a preliminary deal with the Justice Department.

A Justice Department statement accused RBS of failing to disclose loan risks to investors; waiving standards in a way that allowed bad loans to be included in securities packages; and providing loan data to investors that gave a false impression that the loans were less risky than they really were.

These offenses are "allegations only, which RBS disputes and does not admit," the Justice Department said.

Last year, in a settlement with the Federal Housing Finance Authority over the same matter, the bank agreed to pay \$5.5 billion.

# Slowdowns in China and India eat away at Asian oil demand

REUTERS, Singapore

Oil demand from Asia's biggest importers, China and India, is growing more slowly than expected, exposing weakness in two of the world's largest economies and eroding a key pillar of global petroleum prices amid trade tensions.

The two countries buy a combined 12 percent of the world's oil, and their growth has helped drive the recovery in oil prices since 2016.

Yet their shipped imports in July were about half a million barrels per day (bpd) below their January-June average of 12.4 million bpd, shipping data shows.

That has dragged down demand growth in Asia, despite inflated purchases ahead of US sanctions on Iran and increased imports from Japan and South Korea as they struggle with record-setting heat waves.

Shipping data shows annualised growth in demand from Asia's five largest oil importers - China, India, Japan, South Korea and Taiwan - fell from more than 3.5 percent in 2016 to around 2 percent so far this year.

"Everything is weakening, but from a pretty elevated level," said Jeff Brown, president of energy consultancy FGE.

Traders expect growth to slow further as the

Iran sanctions take hold, the trade spat between the United States and China escalates, and as Asia's emerging markets show signs of cooling.

"Any further escalation in the trade conflict between them is clearly an important downside risk and could lead to a further slowdown in oil demand growth for 2019, leading to a downward pressure on oil prices," said Sushant Gupta, research director at energy consultancy Wood Mackenzie.

Renewed US sanctions against major oil exporter Iran, which from November will target the petroleum sector, are expected to disrupt the market.

Iran's oil exports peaked at almost 3 million bpd in May this year, but they have since fallen to around 2 million bpd as Asian buyers, including Japan, South Korea and India, began to shun its crude ahead of the sanctions.

The effects of the economic slowdown will take time to manifest, but analysts say investors are already becoming cautious.

China's investment growth in the first seven months of the year slowed to a record low of 5.5 percent, data showed this week.

Charters of super-tankers from the Middle East, on which Asia heavily relies to meet its oil demand, are dipping, according to ship broker-

age Banchero Costa.

"If you look at pure economic figures, the impact of the tariff disputes is still quite small, perhaps 0.5 percent of GDP growth. But the impact on investment mood is starting to show," Brown said.

World trade volume growth peaked in January at almost 5.7 percent year-on-year, but fell to less than 3 percent by May, according to the Netherlands Bureau for Economic Policy Analysis.

Trade tensions with the US have weakened currencies in emerging markets as investors pull cash out of countries like India and China and convert it to US dollars, which are still seen as a safe haven.

Weaker currencies in Asia and tariff-suppressed trade slows economic growth, reduces purchasing power, and eventually hits fuel demand.

Although Brent crude oil has become about 8 percent more expensive this year in dollars, the price increase has been 14 percent in China's renminbi and more than 18 percent in Indian rupees.

"The high crude prices appear to have been taking a toll on demand," said Sukrit Vijayakar, Director of Indian oil consultancy Trifecta.

Japan and South Korea, where summer consumption was bumped up by an unusual heat wave, jointly imported around 6.3 million bpd of crude in July, compared with an average of 6 million bpd in the first half of the year.

Australia, another rich economy in the region, has also seen strong demand, importing an average of 337,000 bpd in July, up from an average of 333,000 bpd in the first half of the year.

But the increases matter little when weighed against China's tanker imports, which fell from more than 8 million bpd during January and June to about 7.3 million bpd in July.

Shipping data suggests July oil imports into China, India, Japan, South Korea and Taiwan were around 19 million bpd.

Although that's slightly above June, it's below the figures for April and May. It's also some way off a record of more than 20 million bpd from April 2016.

Should the global economic outlook darken further amid trade disputes and emerging market turmoil, oil demand in Asia could worsen.

"When you have all these factors like tariff disputes and weakening emerging market currencies, it's going to hurt sentiment," said FGE's Brown.

The move is not expected to have an



Labourers work at a well head in a PetroChina oil field in China.

REUTERS/FILE

## PwC failed to flag BHS risks ahead of retailer's collapse: regulator

REUTERS, London

PwC should have flagged significant doubts over the future of BHS in an audit that was completed just days before the loss-making UK retailer was sold for a token one pound in 2015, ahead of its collapse a year later, a regulator said on Wednesday.

BHS had 163 stores and employed 11,000 people when it collapsed in 2016, triggering a political firestorm.

The Financial Reporting Council (FRC) watchdog fined PwC in June a record 6.5 million pounds (\$8.3 million), and former partner Stephen Denison 325,000 pounds. Denison was also banned from auditing for 15 years.

After pressure from lawmakers, the FRC published documents on Wednesday detailing the eight allegations of misconduct that prompted the penalties.

PwC said on Wednesday it was sorry its work fell well below the professional standards expected. "This is unacceptable and we agreed the settlement recognizing that it is important to learn the necessary lessons," it said in a statement.

PwC is one of the world's top four auditors, along with KPMG, Deloitte and EY, which check the books of most blue-chip companies across the globe.

They are coming under intense scrutiny in Britain over how they failed to spot company collapses and for juggling audits and more lucrative non-

audit work for the same clients.

Lawmakers have said they may formally request higher fines once the FRC published the details of its probe into PwC. They called the FRC "toothless" over its handling of the BHS audit, and the watchdog's powers are being independently reviewed.

The documents are likely to spark fresh calls for the audit and non-audit operations of the big four audit firms to be split up.

At the core of an audit, accountants are required to say if they think a company is a "going concern", meaning it can stay in business for the foreseeable future. The FRC looked at the audit of Taveta Group, which includes BHS, for the year ending Aug. 30, 2014.

"There were several events or conditions that should have appeared to the respondents (PwC and Denison) to cast significant doubt over BHS's ability to continue as a going concern and therefore to require further investigation," the FRC said.

BHS had significant net liabilities, had to make provision for loss-making stores, and had very significant deficits in its defined-benefit pension schemes.

In a letter dated just before Denison signed off on the accounts, Taveta qualified its support for BHS, saying it would continue as long as it was part of the group.

Taveta had also submitted a draft application to restructure its pension schemes, an indicator of potential

insolvency, though this was "paused" in September 2014.

"The respondents gave no consideration to how these matters may have impacted BHS's ability to continue as a going concern," the FRC said.

"They failed to gather any audit evidence on which to conclude that the going concern assumption was appropriate. Based on the audit evidence obtained, they should have concluded that a material uncertainty existed about BHS Group and BHS's ability to continue as going concerns."

The financial statements were misleading as they said a going concern assumption was appropriate because Taveta had given an unqualified undertaking to support BHS, the FRC said.

Billionaire retailer Philip Green, who had no comment on Wednesday, sold BHS to a serial bankrupt for a pound.

PwC and Denison became aware of the likely sale of BHS during the audit, and completion of the accounts was brought forward to accommodate it, the FRC said.

Denison signed off on the accounts on March 9, 2015, but backdated them to March 6. He only recorded two hours on the audit, despite being the lead partner, leaving the bulk of the work to juniors, one of which had just a year's post-qualification experience, the FRC said.

## Long-acting injection a shot in the arm for GSK's HIV business

REUTERS, London

A long-acting injection developed by GlaxoSmithKline and given once a month has proved as effective as standard daily pills for controlling the AIDS virus, lifting prospects for the British drugmaker's key HIV business.

GSK's majority-owned ViiV Healthcare unit said on Wednesday the experimental two-drug injection of cabotegravir and rilpivirine maintained similar rates of viral suppression compared with a standard three-drug oral regimen, after 48 weeks of a

clinical trial.

The result from the big Phase III study is a boost for GSK's goal of developing dual therapies that are easier to tolerate than conventional triple ones, and shares in GSK rose more than 1 percent. It follows recent positive data from combining two oral drugs.

GSK hopes its new approach will allow it to compete more effectively against Gilead Sciences, the US drugmaker that dominates the \$26 billion-a-year HIV market.

Gilead currently has a market share

of around 52 percent against GSK's 22 percent, but Deborah Waterhouse, who heads the British drugmaker's HIV unit, says she hopes to overtake her US rival by the mid-2020s.

That is a bold ambition, since many analysts have been expecting GSK to lose market share to Gilead's new triple drug Biktarvy, rather than see it gain ground.

Liberum analyst Roger Franklin, who rates GSK a 'buy', believes the company's dual-drug strategy has been under-appreciated by the market.



Md Anwar Shawkat Afser, president of the Latin America-Bangladesh Chamber of Commerce and Industry (LA-BCCI), speaks at the chamber's first board meeting at the Sonargaon hotel in Dhaka on Tuesday.

LA-BCCI