

Global luxury brands again chase China's young, rich and spendthrift

REUTERS, Hong Kong

Global luxury brands from Prada to LVMH are investing in China for the first time since a crackdown on conspicuous spending five years ago, focusing on smaller, less developed cities even as the world's second-largest economy slows.

Increasing spend by cash-rich Chinese millennials, largely unhindered by a crackdown on corruption and extravagant spending, is prompting brands to revamp some stores and open new ones in second- and third-tier cities where luxury spending is growing faster.

The youngsters, who account for around 30 percent of the sector's China sales, are a demographic less sensitive to wider economic factors, executives said.

"There is the emergence in China of a very strong upper class or upper middle class," Jean-Paul Agon, Chairman and CEO of cosmetics group L'Oreal said on a call with analysts.

"And the difference is that now millennials from this middle and middle upper class are absolutely not hesitant to buy luxury brands."

Often single children armed with family money, the 20-34 year-old demographic started buying luxury brands at a young age and purchases more frequently, splurging on everything from jewellery and fashion, to cosmetics and handbags, industry experts say.

Many millennials are also choosing to remain in the country's outlying provinces, shunning more expensive, larger cities such as Beijing and Shanghai, thanks to rapid industrialisation and urbanisation.

"Where the spend is? It is the post-90s, the young generation - definitely a young



REUTERS/FILE

Shopping windows of Italian luxury brand Versace are seen outside a shopping mall in Xiamen, China.

generation that spends money on luxury," said Shanghai-based Daniel Zipser, senior partner at McKinsey & Co.

Revenue growth in China's luxury segment was around 15-20 percent for the first half of the year, Zipser added.

Chinese luxury shoppers account for over \$500 billion yuan (\$73 billion) in annual spending, representing almost a third of the global luxury market, McKinsey said in its latest report.

Brands including Kering's Gucci to Britain's Burberry and French luxury handbag maker Hermes all reported resilient appetite from Chinese shoppers in the second quarter even

as escalating China-U.S. trade tensions cast a pall over the broader economy.

The share of luxury purchases made in China is rapidly increasing, several executives said, spurred by price cuts from top brands after authorities reduced import duties on some goods and made it harder to buy products from overseas websites and vendors. A strong euro at the start of 2018 also put off tourists from spending in Europe, executives said.

Prices of luxury goods in China, previously significantly higher than in Europe and the United States, have been gradually falling. Taxes have also been lowered by 7-

17 percent, allowing firms to cut prices.

Italian luxury outerwear maker Moncler has reduced its prices in China by 3.5 percent on average since July, while Gucci, Louis Vuitton and Hermes have also cut prices.

"When I compare it with the United States the price difference between brands is not that large," said Sunny Deng, 28, who studies in America but was on holiday in Shanghai. "Sometimes it's even cheaper here."

To capture the rapidly growing millennial market, global names are increasingly moving further afield from China's first-tier cities - the previous engines of growth.

Prada, which reported strong half-year earnings bolstered by Chinese consumers, opened seven stores this year in Xi'an, home of China's Terracotta Army in the northwest. Three were for the Prada label, two for its Miu Miu brand and two for Church's.

LVMH opened a store in the sprawling central city of Wuhan, home to 11 million people, while jewellery brand Chaumet opened a store in the city of Wuxi, outside Shanghai. Hermes is launching a store in Xi'an in September.

Even so, luxury firms are wary of demand softening in the second half of the year as a trade row between China and the United States escalates.

"It would be unwise not to make some allowances for the uncertain political and macroenvironment," Jean-Francois Palus, Kering group managing director, said in July.

LVMH chief financial officer Jean Jacques Guiony, on a call with analysts in July, also warned of potential risks from increased global tariffs.

"Although the luxury industry is not in the front line on this, such a risk would certainly bare some negative consequences for us," he said.

PepsiCo to buy SodaStream for \$3.2b

AFP, New York

PepsiCo said Monday it plans to buy SodaStream, an Israeli maker of carbonation products, for \$3.2 billion as the beverage and snacks giant makes further inroads with in-home goods.

The cash deal will see PepsiCo pay \$144 per share for SodaStream's outstanding stock, a 32 percent premium over its average price of the past 30 days.

SodaStream offers consumers "the ability to make great-tasting beverages while reducing the amount of waste generated," PepsiCo chair and CEO Indra Nooyi said in a statement.

"That focus is well-aligned with Performance with Purpose, our philosophy of making more nutritious products while limiting our environmental footprint. Together, we can advance our shared

vision of a healthier, more-sustainable planet."

PepsiCo says it aims to provide environmentally friendly and cost-effective products that promote health and wellness.

"From breakthrough innovations like Drinkfinity to beverage dispensing technologies like Spire for food service and

Aquafina water stations for workplaces and colleges, PepsiCo is finding new ways to reach consumers beyond the bottle," said Ramon Laguarta, PepsiCo CEO-elect and president.

While the boards of directors of both companies have approved the deal, it is still subject to a SodaStream shareholder vote, regulatory approvals and other conditions, PepsiCo said, adding that closing was expected by January 2019.

PepsiCo had \$63 billion in revenue last year.



Turkish lira crisis poses additional risk to German economy: finance ministry

REUTERS, Berlin

Turkey's currency crisis poses an additional risk to Germany's economy on top of trade frictions with the United States and the possibility of Britain leaving the European Union without a deal, the German finance ministry said on Monday.

The Turkish lira has lost nearly 40 percent of its value against the dollar this year, hit by a worsening diplomatic rift with the United States and by investor alarm about President Tayyip Erdogan's influence over monetary policy.

Germany is the second biggest foreign investor in Turkey, whose biggest trading partner is the European Union.

"Risks remain particularly with regards to uncertainty over how Brexit is going to pan out as well as future U.S. trade policies," the ministry said in its monthly report. "The persistent debate about tariffs and the threat of a trade war are choking trade activity."

"The economic developments in Turkey present a new, external economic risk," it added.

Despite such risks, the German economy remains buoyant, supported by state spending, private consumption, low interest rates, a robust labour market and rising real wages, the ministry said in the report.

Companies are also expected to raise investments as the global economy remains in good shape despite the threat of a trade war, it added.

India's surging coal imports driven by captive power users

REUTERS, Launceston, Australia

India's coal imports appear headed for another strong month in August, raising the question as to why the usually cost-sensitive market hasn't scaled back purchases given a surge in prices to the highest in nearly seven years.

Total coal imports may reach 17.7 million tonnes in August, according to vessel-tracking and port data compiled by Thomson Reuters.

This figure may be revised as it becomes clearer when ships will arrive and discharge their cargoes, but the August imports are likely to be more or less in line with the 17.4 million tonnes imported in July, which was the strongest monthly outcome so far in 2018.

But no matter what the exact level of imports turns out to be, India's coal imports have been exceptionally strong and are on track to rise for the first year in three in 2018.

This is despite prices for thermal coal rising to the highest in 6-1/2 years, with the Australian benchmark Newcastle cargoes trading above \$120 a tonne recently, taking the year-to-date gain to around 18 percent.

The gain in prices has been largely driven by strong Chinese imports, partly because of output restrictions at domestic mines and



REUTERS/FILE

A labourer works inside a coal yard on the outskirts of Ahmedabad, India.

partly because of high demand caused by a recent heatwave.

Previously Indian coal imports, especially for thermal grades used to generate electricity, have been thought to be sensitive to price, and likely to decline if prices moved rapidly higher, as they have done this year.

But Indian imports have been on an upward trend in recent months, despite the rising prices.

An easy answer as to why is to point to the recent difficulties state miner Coal India has experienced

in transporting the polluting fuel from pits to power plants.

But as Tim Buckley, director of energy finance studies at the Institute for Energy Economics and Financial Analysis (IEEFA), pointed out in a recent note, there is more to the situation.

Data from India's Central Electricity Authority show that coal imports for what are termed on-grid power plants, i.e. those that supply power to the network, are actually declining, falling 14 percent in the June quarter.

So, as far as thermal coal imports for the power sector are concerned, the price signal is working insofar as they are declining as prices rise.

However, as Buckley notes, a large part of India's coal imports are used by consumers other than on-grid power plants.

There is a about 30 gigawatts (GW) of coal-fired generation capacity that is used by captive power plants, Buckley said in a recent paper sent to Reuters.

These users include aluminium smelters, cement makers and other industrial users, and they are more reliant on coal imports as their demand isn't prioritised by Coal India, effectively meaning they are last in line for domestic supplies.

If this 30 GW was run at 61 percent capacity, it would need about 96 million tonnes of thermal coal a year, Buckley said, a figure that represents about two-thirds of current thermal coal imports.

Given these consumers have to run their captive power plants in order to produce their goods, they have no option but to turn to imports when Coal India can't meet their needs.

Thus, it appears that as much as two-thirds of India's current coal import demand is from buyers that aren't price sensitive.

Apple removes illegal lottery apps from China store

REUTERS, Beijing

Apple Inc says it has pulled illegal lottery apps from its App Store in China amid tightening regulation and a barrage of criticism from state media.

According to state media, the company has recently pulled around 25,000 apps from its Chinese store in an effort to cooperate with regulators.

Apple confirmed it has recently removed gambling apps from its store, but did not confirm the number of apps or a timeline for the removals.

"We have already removed many apps and developers for trying to distribute illegal gambling apps on our App Store, and we are vigilant in our efforts to find these and stop them from being on the App Store," Apple said in a statement.

State broadcaster CCTV criticized the US company's management on Sunday for allowing gambling apps, which are banned in China. It's the second time the broadcaster has targeted the firm in the past month over the apps.

Official media has also recently criticized the company's iMessage service in China, saying the company's refusal to monitor communications is a hindrance to authorities.

Last year Apple began removing hundreds of virtual private network (VPN) apps on request from regulators. The apps help users bypass China's Great Firewall and access foreign social media and news, which are largely banned in China.

App stores run by other companies, including Baidu Inc and Tencent Holdings Ltd, are also required to remove banned foreign content and gambling apps.

Apple's App Store is the only major foreign-run app platform in China, where competitors - including Alphabet Inc's Google Play store - are banned.

Apple has been subject to increasingly strict rules regarding its content in China amid a wider effort by regulators to create a "clean" cyberspace, which includes enhanced censorship policies.

Earlier this year the company moved cryptographic keys for its iCloud service to China under new legal requirements, raising human rights fears as the country is introducing increasingly strict digital surveillance measures.

আশুগঞ্জ ফার্মিলাইজার এন্ড কেমিক্যাল কোম্পানী লিমিটেড						
আশুগঞ্জ, ব্রাহ্মণবাড়ীয়া						
এনটিএম দরপত্র বিজ্ঞপ্তি						
১।	প্রকল্পের নাম	আশুগঞ্জ ফার্মিলাইজার এন্ড কেমিক্যাল কোম্পানী লিমিটেড (এএফসিসিএল)।				
২।	ফাউন্ডার উইংস	এএফসিসিএল এর নিজস্ব তহবিল।				
৩।	দরপত্র প্রকল্পের নং	ডব্লিউ-১ এম-এএফসিসিএল/নির্মাণ/২০১৮-২০১৯।				
৪।	দরপত্র বিজ্ঞপ্তি নং ও তারিখ	এএফসিসিএল/পি-৩/১২৩৩,১২৩৪,১২৩৫ তারিখ-১১-০৮-২০১৮খ্রিঃ।				
৫।	দরপত্রের নাম	প্রাক্কলিত মূল্য টাকা	দরপত্রের মূল্য টাকা	দরপত্রের নিরাপত্তা জামানত টাকা	কাজ সমাপ্তির সময়সীমা	দরদাতার যোগ্যতা
	ক) এএফসিসিএল কারখানা এবং তৎসংলগ্ন পুলিশ ও আনশার ক্যাম্প, রেলওয়ে ডাইক, এপ্রোচ রোড ইত্যাদি এলাকার বাৎসরিক মেরামত ও রক্ষণাবেক্ষণ কাজ (ফ্রেম-১) ২০১৮-২০১৯।	১৪,২২,৬৯৮/-	১,৫০০/-	২৮,৫০০/-	৩০শে জুন ২০১৯খ্রিঃ পর্যন্ত	বিসিআইসি'র তালিকাভুক্ত "এ" শ্রেণির বৈধ ঠিকাদার।
	খ) এএফসিসিএল পুরাতন ও নতুন হাউজিং কলোনীর সকল ই এবং এফ-টাইপ ভবন, এমপ্লয়ীজ ক্লাব, স্টাফ হোস্টেলসহ উক্ত এলাকার বাৎসরিক মেরামত ও রক্ষণাবেক্ষণ কাজ (ফ্রেম-২) ২০১৮-২০১৯।	২১,১৫,৬৩৬/-	২,০০০/-	৪২,৫০০/-	৩০শে জুন ২০১৯খ্রিঃ পর্যন্ত	
	গ) এএফসিসিএল পুরাতন ও নতুন হাউজিং কলোনীর সকল এ,বি,সি এবং ডি-টাইপ ভবন, হাসপাতাল, স্কুল, কলেজ, মাদ্রাসা, মসজিদ, অফিসার্স ক্লাব, মার্কেটসহ উক্ত এলাকার বাৎসরিক মেরামত ও রক্ষণাবেক্ষণ কাজ (ফ্রেম-৩) ২০১৮-২০১৯।	২২,৯৯,৪০৪.৫০	২,০০০/-	৪৬,০০০/-	৩০শে জুন ২০১৯খ্রিঃ পর্যন্ত	
৬।	দরপত্র নিরাপত্তা জামানতের বিবরণ	বাংলাদেশের অনুমোদিত যে কোন তফসিলি ব্যাংক হতে "এএফসিসিএল" এর অনুকূলে পে-অর্ডার/ব্যাংক ড্রাফট-এর মাধ্যমে দরপত্রের সাথে জমা দিতে হবে। অন্যথায় দরপত্র বাতিল বলে গণ্য হবে।				
৭।	কাজের বিবরণ	ক) কারখানা এলাকার (ফ্রেম-১)-এর প্রাচীর, কার্পেন্টারী, ম্যানানারী, রং ইত্যাদি কাজ। খ) পুরাতন ও নতুন হাউজিং কলোনীর সকল ই এবং এফ-টাইপ ভবনসহ উক্ত এলাকার (ফ্রেম-২)-এর প্রাচীর, কার্পেন্টারী, ম্যানানারী, রং, গ্যাস লাইন ইত্যাদি কাজ। গ) পুরাতন ও নতুন হাউজিং কলোনীর সকল এ,বি,সি এবং ডি-টাইপ ভবনসহ উক্ত এলাকার (ফ্রেম-৩)-এর প্রাচীর, কার্পেন্টারী, ম্যানানারী, রং, গ্যাস লাইন ইত্যাদি কাজ।				
৮।	দরপত্র প্রাপ্তির স্থান	ক) ক্যাশ সেকশন, হিসাব বিভাগ, বিসিআইসি, বিসিআইসি ভবন, ৩০-৩১, দিলকুশা বা/এ, ঢাকা। খ) মহাব্যবস্থাপক (হিঃ ও অর্থ), এএফসিসিএল, আশুগঞ্জ, ব্রাহ্মণবাড়ীয়া।				
৯।	দরপত্র গ্রহণের স্থান	ক) বিভাগীয় প্রধান (পুরকৌশল) এর দপ্তর, এএফসিসিএল, আশুগঞ্জ, ব্রাহ্মণবাড়ীয়া। খ) সহকারী কমিশনার, সাধারণ শাখা, জেলা প্রশাসকের কার্যালয়, ব্রাহ্মণবাড়ীয়া।				
১০।	দরপত্র খোলার স্থান	বিভাগীয় প্রধান (পুরকৌশল), এএফসিসিএল, আশুগঞ্জ, ব্রাহ্মণবাড়ীয়া-এর দপ্তর।				
১১।	দরপত্র বিক্রয়ের শেষ তারিখ	আগামী ১০-০৯-২০১৮খ্রিঃ অফিস চলাকালীন সময়।				
১২।	দরপত্র জমাদানের তারিখ ও সময়	আগামী ১১-০৯-২০১৮খ্রিঃ সকাল ১১.১৫মিঃ পর্যন্ত।				
১৩।	দরপত্র খোলার তারিখ ও সময়	১১-০৯-২০১৮খ্রিঃ বিকাল ৩.০০ ঘটিকার সময়ে দরদাতা/তাদের প্রতিনিধির উপস্থিতিতে (যদি থাকে)।				
১৪।	বিশেষ নির্দেশাবলীঃ					
	১। কোন দরদাতা দরপত্রে ভুল তথ্য বা প্রকৃত ঠিকাদার ব্যতীত অন্য কেউ জাল স্বাক্ষর করে দরপত্র দাখিল করলে তা প্রতিলিখিত হলে তার দরপত্র/কার্যাদেশ বাতিল বলে গণ্য হবে।					
	২। কর্তৃপক্ষ দরপত্র অনুমোদনের পূর্বে যে কোন দরপত্র গ্রহণ বা বাতিল অথবা সকল দরপত্র বাতিলের এবং দরপত্রকৃত পরিমাণের চেয়ে কম বা বেশী পরিমাণের কার্যাদেশ প্রদানের ক্ষমতা সংরক্ষণ করেন।					
	৩। দরপত্রের সহিত হালনাগাদ ট্রেড লাইসেন্স, ইনকম টেক্স, ভ্যাট সনদপত্র এবং ব্যাংক সলভেন্সী সনদ এর সত্যায়িত ফটোকপি দাখিল করতে হবে।					
	৪। দরপত্র সম্পর্কিত সকল কার্যাদেশ পাবলিক প্রকিউরমেন্ট আইন-২০০৬ এবং পাবলিক প্রকিউরমেন্ট বিধিমালা-২০০৮ অনুযায়ী পরিচালিত হবে।					
	৫। কোন দরদাতা অনুমোদিত প্রাক্কলিত মূল্যের ৫% এর অধিক নিম্নদর দাখিল করলে দরপত্র বাতিল বলে গণ্য হবে। কোন কারণে যদি একের অধিক দরদাতা দরপত্রে একই দর দাখিল করে নিম্নতম দরদাতা হিসাবে বিবেচিত হন তবে সে ক্ষেত্রে কর্তৃপক্ষ লটারীর মাধ্যমে ১ (এক) জন কে সর্বনিম্ন দরদাতা নির্বাচন করার ক্ষমতা সংরক্ষণ করেন।					
মোঃ হারুন-অর-রশিদ সহকারী প্রকৌশলী (পুর) বিভাগীয় প্রধান (পুরকৌশল) ব্যবস্থাপনা পরিচালকের পক্ষে						
BCIC-111-19/18/18 GD-2001						