



Prime Minister Sheikh Hasina hands over "The Best LPG Operator in Private Sector-2018" award to Azam J Chowdhury, a director of Omera Petroleum Ltd, for being the finest LPG manufacturer and marketer at "Energy & Power Week 2018" at International Convention City Bashundhara recently.

## Alibaba, Russian tech firm Mail.ru agree joint e-commerce venture

AFP, Vladivostok, Russia

Chinese e-commerce giant Alibaba and Russian technology group Mail.ru on Tuesday said they would launch a joint e-commerce venture in Russia and former Soviet countries.

The deal comes as e-commerce is developing rapidly in Russia though hindered by the country's vast size and problematic infrastructure, including an often unreliable postal service.

The two groups, along with the Russian sovereign wealth fund RDIF and telecom operator MegaFon, announced the creation of a "strategic partnership" as Russia hosts an economic forum in the far eastern city of Vladivostok.

Alibaba and Mail.ru said in a statement that the partnership will "launch a leading social commerce joint ven-

ture in Russia and the CIS (Commonwealth of Independent States)."

The new company will be called AliExpress Russia -- based on the name of an existing Alibaba platform.

It will be 48 percent owned by Alibaba, 24 percent by MegaFon, 15 percent by Mail.ru and 13 percent by the RDIF, the statement said, without disclosing any valuations involved.

Russia's RBK media group reported that the RDIF would invest up to \$300 million. The deal involves MegaFon selling Alibaba its 10 percent stake in Mail.ru.

Alibaba, co-founded by tech billionaire Jack Ma in 1999, reported revenues of \$39.9 billion for the year ending March.

It already plays a major role in e-commerce in Russia through its AliExpress and Tmall platforms.

Ma announced Monday that he will step down as head of Alibaba in a year's time.

On Tuesday Ma attended a meeting of international business people with President Vladimir Putin at the Eastern Economic Forum in Vladivostok, but was not at the press conference announcing the deal.

"We want this to be a Russian business," Alibaba Group president Michael Evans said at the press conference.

"What we we bring from China is all the experience that we have and the technology that we have" from building e-commerce, cloud and payment businesses, Evans said.

Kirill Dmitriyev, general director of the RDIF, said the Russian partners would have a combined 52 percent share in the new structure.

## Chinese companies flee overseas to avoid US tariffs

AFP, Beijing

A growing number of Chinese companies are adopting a crafty way to evade US President Donald Trump's tariffs: remove the "Made in China" label by shifting production to countries such as Vietnam, Serbia and Mexico.

The world's two largest economies have been locked in a months-long trade fight after Trump imposed 25 percent customs duties on \$50 billion worth of Chinese goods this summer, triggering a swift tit-for-tat response from Beijing.

Chinese factories making everything from bikes to tyres, plastics and textiles are moving assembly lines abroad to skirt higher customs taxes on their exports to the United States and elsewhere, according to public filings.

HI Corp, a Shenzhen-listed bike parts maker, made clear to investors last month that tariffs were in mind when it decided to move produc-

tion to Vietnam.

The factory will "reduce and evade" the impact of tariffs, management wrote, noting Trump hit e-bikes in August, with new border taxes planned for bicycles and their parts.

Trump warned last week those tariffs -- targeting \$200 billion in Chinese imports -- could come "very soon".

"It's inevitable that the new duties will lead companies to review their supply chains globally -- overnight they will become 25 percent less competitive than they were," said Christopher Rogers, a supply chain expert at trade data firm Panjiva.

Supply chains have already begun relocating out of China in recent years as its rising labour and environmental protection costs have made the country less attractive.

Tariffs are adding fuel to the fire, experts and companies say.

"China-US trade frictions are accelerating the trend of the global value chain changing shape," said Cui Fan, research director at the China Society of WTO Studies, a think tank affiliated with the commerce ministry.

"The shifting abroad of labour-intensive assembly could bring unemployment problems and this needs to be closely watched," Cui said, adding the shift would not help the US's overall trade deficit.

The growing list of foreign firms moving supply chains away from China -- toy company Hasbro, camera maker Olympus, shoe brands Deckers and Steve Madden, among many others -- already has Beijing worried. Less discussed are the Chinese factories doing the same.

Zhejiang Hailide New Material ships much of its industrial yarns, tyre cord fabric, and printing materials from its plant in eastern Zhejiang province to the US and other countries.

Trump's first wave of tariffs on \$50 billion in goods this summer hit some of its exports; the next round of \$200 billion looks like it will hit several more.

"Currently all of our company's production is in China. To better evade the risks of anti-dumping cases and tariff hikes, our company has after lengthy investigation decided to set up a factory in Vietnam," executives told investors last month.

"We hope to speed up its construction, and hope in the future it can handle production for the American market," a company vice president said of the \$155 million investment that will ramp up production by 50 percent.

Other moves abroad spurred on by tariff risks include a garment maker going to Myanmar, a mattress company opening a plant in Thailand and an electronic motor producer acquiring a Mexico-based factory, according to public filings from the firms.

Linglong Tyre is relying mostly on low cost credit to build a \$994 million plant in Serbia.

The entire tyre industry faces a "grim trade friction situation", Linglong told investors last month, citing "one after another" anti-dumping cases against China.



Employees work on bicycle parts made for sharing bicycles at a factory in Jinhua, China.

### Ceremony of Brand Endorsement



Actress and model Jannatul Ferdoush Peza and Subrata Ranjan Das, executive director of ACI Motors, the sole distributor of Yamaha motorcycles and spares in Bangladesh, attend a deal signing ceremony at ACI Centre in Dhaka yesterday. Peza became a brand ambassador of Yamaha.



Syed Nurul Islam, chairman and CEO of Well Food; Syed Shahidul Islam, director, and Mohammad Wasiuddin, head of marketing, open a new Well Food Centre at Sector 7 in the capital's Uttara on Monday.

## Banking loopholes limit potential of stockmarket

FROM PAGE B1

The existing rule of giving 10 percent tax benefit to every listed company has failed to attract the global firms, he said.

"The global firms show reluctance because of the mandatory rule of maintaining transparent financial statement to be listed."

Subsequently, he advised the government to introduce stricter rules to bring multinational and local government firms to the capital market.

The capital market regulator is holding conferences at the district level across the country to raise awareness about the benefits of raising funds from the stockmarket.

"It is easy to raise funds from the stockmarket. No interest, no collateral and less risk will be attached with the fund. They will enjoy some tax benefits too."

Hossain, who took charge of the commission in May 2011 when the government had to go for massive reforms because of the stockmarket crash in 2010, said the initiative is paying off well for the BSEC.

In the last seven years, the regulatory standards and laws have improved a lot, he said.

In December 2013, the International Organisation of Securities Commissions (IOSCO) awarded the BSEC with the 'A' category regulatory agency status -- a global acclaim as the US stockmarket regulator also belongs to the group, he said.

The IOSCO is an association of organisations that regulate the world's securities and futures markets.

Venture capital -- which is a financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential -- has huge potential in Bangladesh, he said.

The commission introduced rules and regulations for venture capital funds in

2015, and 37 companies have so far been established through such fund under the ICT ministry, according to Hossain.

The rise of venture capital firm will generate huge employment and help the stockmarket to increase its contribution to the country's gross domestic production, he said.

In America, 14 percent employment comes from the venture capital industry.

The registration of venture capital firms increased significantly last year in Bangladesh, with the number expected to hit 100 by the end of 2018, he said.

At present, the market is equity based and the BSEC is trying to change that by introducing new conceptual funds like venture capital, private equity and impact.

By December, the regulator will launch a separate trading board in the stockmarket for firms with capital less than Tk 30 crore, he said.

Numerous opportunities will open up when small venture capital firms enter the stockmarket. Many new foreign investments will come for such firms, he said.

The BSEC also initiated a financial literacy programme for inclusion in the curriculums of schools and colleges.

"In Sri Lanka, investment education is already included in their curriculum and India also took initiative."

In the investment education syllabus, students will learn about finance, money market, capital market and so on.

The BSEC has also developed a strong surveillance system to prevent price manipulation, he said.

At present, the unusual price hike of shares on its first trading day has become a headache for the BSEC.

"We are now thinking of introducing a circuit breaker for every share from its first day of trading."

## Rich in Bangladesh rising faster than anywhere

FROM PAGE B1

"That status lies with Bangladesh, which has registered compound annual growth in its UHNW population of 17 percent since 2012," said the report.

"Double-digit increases have also been posted by Vietnam, Kenya and India, illustrating the significant opportunities for wealth creation across the emerging world."

To size and forecast the ultra-wealthy population and its combined wealth, Wealth-X uses proprietary Wealth and Investable Assets Model, which covers the top 75 economies that account for 98 percent of the global GDP.

To estimate total private wealth,

it uses econometric techniques that incorporate a large number of national variables such as stock market values, GDP, tax rates, income levels and savings from sources such as the World Bank, the International Monetary Fund, the Organisation for Economic Cooperation and Development and national statistics authorities.

Wealth-X estimates wealth distribution across each country's population.

According to the report, in 2017, the world's UHNW population rose by 12.9 percent to 255,810, a sharp acceleration from a year earlier. Their combined wealth surged by 16.3 percent to \$31.5

trillion, implying healthy gains in average net worth.

The finance, banking and investment sector was the primary industry focus for the largest proportion of the global ultra-wealthy population in 2017, accounting for a 14.2 percent share.

Manufacturing was the second most significant industry, with its share edging higher to 7.6 percent.

The proportion of the global ultra-wealthy population whose fortunes are predominantly self-made continued to increase last year, hitting 67.5 percent.

The global ultra-wealthy population remains heavily male dominated, although the proportion of

women has risen gradually over recent years and increased further in 2017 to a record high of 13.7 percent.

The number of UHNW women grew by an estimated 31 percent to just under 35,000.

Philanthropic activity is cited regularly as one of the main interests of the global ultra-wealthy population.

Education is the top charitable cause among men and women, with around a third of UHNW individuals directing at least part of their philanthropic endeavours to programmes such as scholarships, outreach courses, teacher training and more.



Md Saiful Islam, chairman of Western Marine Shipyard Limited, and Md Sakhawat Hossain, managing director, attend the company's seventh extraordinary general meeting at Chittagong Boat Club on Monday. The issue price and ratio of right share issuance were revised at 1R:2 (1 right share per 2 existing shares) at Tk 15 each (including premium of Tk 5 each) from the previously recommended 1.25R:1 at Tk 20 each (including premium of Tk 10 each).