
METLIFE FOUNDATION

**Mustafa Jabbar, *centre*, telecom and ICT minister, attends the launch of "i3" financial inclusion initiative by MetLife Foundation and MicroSave at the Pan Pacific Sonargaon hotel in Dhaka yesterday.**

# Financial inclusion scheme targets 2.5 lakh people

## *MetLife Foundation and MicroSave launch the programme*

STAR BUSINESS REPORT

METLIFE Foundation and MicroSave yesterday jointly launched a financial inclusion programme in Bangladesh aiming to integrate 2.5 lakh low- and middle-income people into the formal economy.

The programme titled "i3" (innovate, implement and impact) was unveiled at an event at the Pan Pacific Sonargaon hotel in Dhaka.

MetLife Foundation has funded the initiative under its "Leveraging Technology for Meaningful Financial Inclusion in Bangladesh, China, Malaysia and Vietnam" programme.

According to MetLife Foundation, Bangladesh accounts for more than 8 percent of the total mobile money account worldwide and the pattern of transactions suggests that the mobile financial services (MFS) market is yet to move beyond basic transactions—many of which are conducted only for cash-in and cash-out and very little used for product buying.

About 5 crore people in Bangladesh use financial services through mobile phones and 60 percent of the population is unbanked, said the foundation.

Speaking at the event, ICT and banking sector experts recommended utilising the MFS to achieve the financial inclusion goal of MetLife Foundation and MicroSave.

Mustafa Jabbar, minister for telecom and ICT, said Bangladesh is a role model in terms of using digital services to improve the lives of ordinary people.

Still, there are some challenges in the system, he said.

He urged the Bangladesh Bank to roll out interoperability facilities as early as possible in order to accelerate financial inclusion and promote innovation.

As part of the government's commitment to introduce policies aimed at advancing financial inclusion, the Access to Information (a2i) programme of the Prime Minister's Office is currently in the process of drafting a National Financial Inclusion Strategy, the minister said.

Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services, said the i3 initiative will help provide necessary guidance to innovators.

Manoj K Sharma, regional director for Asia at MicroSave, an international consulting firm, said although the MFS in Bangladesh has been very successful, it is time to build upon this success story and translate it into a larger play around financial inclusion.

"The problem is that loans of a small amount are very difficult to give and savings of a small amount are very difficult to collect."

He added that banking transaction costs are so high that it is not economically feasible to provide services to a customer who is dealing in small amounts of money.

Sharma said Bangladesh went past Kenya in the MFS, both in terms of volume and value.

# US tariffs on $200b of Chinese imports kick in

AFP, *Beijing*

PRESIDENT Donald Trump's tariffs on another $200 billion of Chinese imports took effect Monday, with Beijing accusing Washington of "economic intimidation" as the standoff between the world's top two economies clouds the global outlook.

The latest volley against Beijing brings the amount of goods hit by duties to more than $250 billion, roughly half of China's US exports, with American consumers set to increasingly feel the pain.

Trump has hit 12 percent of total US imports this year alone.

Defiant in the face of increasing fears about the impact to the US economy, Trump has threatened to hit all imports from China if it refuses to change policies he says harm US industry, particularly the theft of American technology.

"These practices plainly constitute a grave threat to the long-term health and prosperity of the United States economy," he said in announcing the tariffs last week.

Beijing fired back Monday, accusing the US of making "false accusations" and using "increasing tariffs and other means of economic intimidation in an attempt to force its own interests on China by way of extreme pressure".

The charges came in a white paper published by China's cabinet, the State Council, and claimed the US had turned toward "unilateralism, protectionism and economic hegemonism" as Trump pursues his "America First" agenda.

- Talks cancelled -

"We are going to win it," Trump's Secretary of State Mike Pompeo said of the trade war on "Fox News Sunday".

"We're going to get an outcome which forces China to behave in a way that if you want to be a power -- a global power -- transparency, rule of law, you don't steal intellectual property."

Beijing's retaliatory tariffs on $60 billion in American goods were set to go into effect soon after the US action, the finance ministry announced last week.

China targeted 5,200 US goods with five to 10 percent tariffs, including big ticket items such as liquefied natural gas, lumber and electronics, as well as peppermint oil, pig hides and condoms.

It leaves Beijing hitting $110 billion worth of US goods, nearly everything China buys from the United States.

But Trump warned he could ramp up to "phase three", with tariffs on approximately $267 billion of additional imports, or all the goods the US buys from China.

Hopes for talks to resolve the issue appeared to have been dealt a blow as The Wall Street Journal reported Beijing cancelled the visit of a negotiating team expected September 27-28 in Washington.

"China's door is always open for negotiations," the state council's white paper said, but added they "cannot be carried out under the threat of a big tariff stick, nor at the expense of China's right to development."

Previous talks in late August saw little progress.

The International Monetary Fund has warned about the potential for "significant economic costs", including slower growth, while Fitch Ratings has cut its growth estimates for China and the world for 2019.

"Protectionist US trade policies have now reached the point where they are materially affecting what remains a strong global growth outlook," the agency said in a report Friday.

The latest batch of Chinese imports to be hit will face 10 percent tariffs through the end of the year, and then the rate will jump to 25 percent.

A swathe of products are on the hit list, including Chinese-made voice data receivers, computer memory modules, automatic data processors, and accessories for office equipment such as copiers and banknote dispensers -- instantly making widely used goods more expensive.

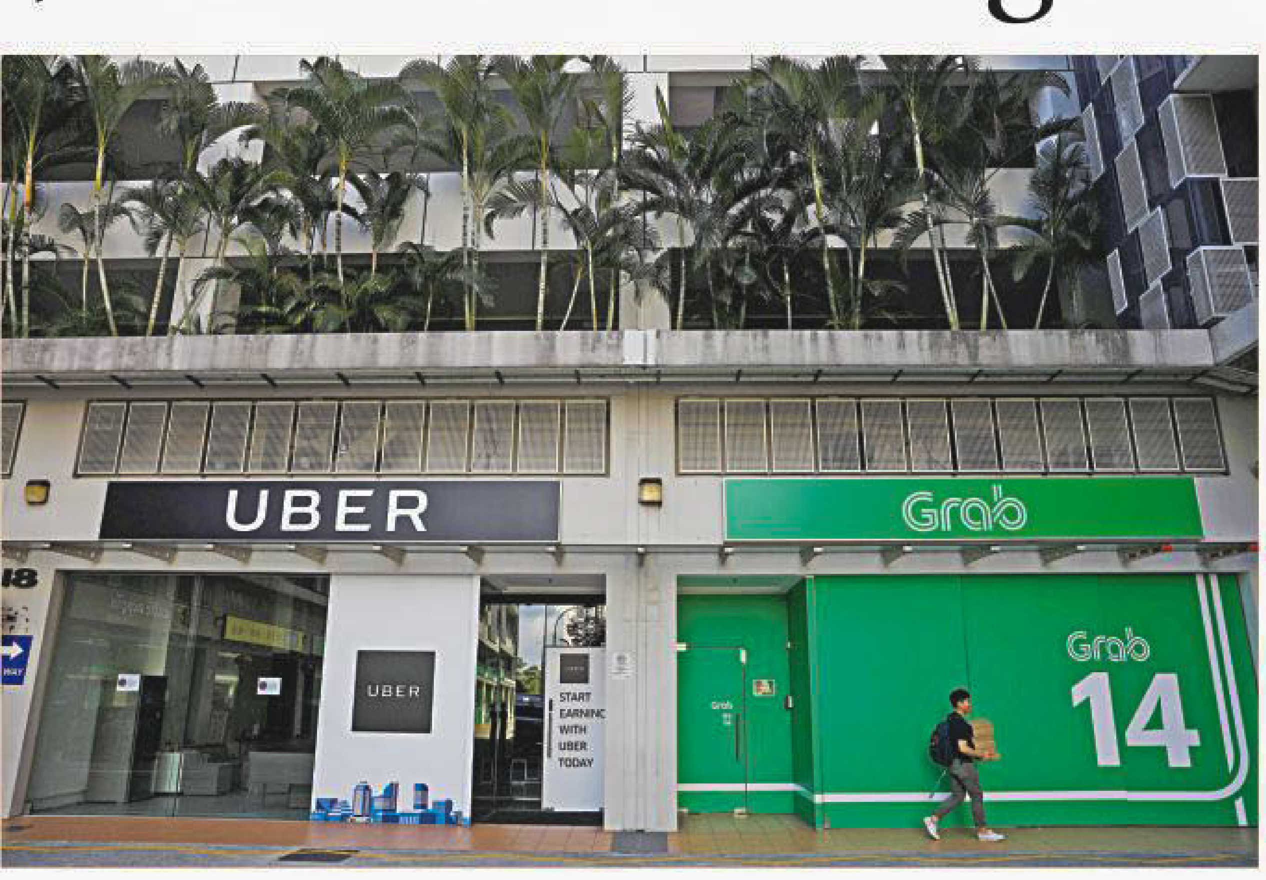
- Beijing strikes back -

However, following complaints from thousands of US firms -- including powerhouses like Apple and Walmart -- 300 product lines were dropped from the target list.

The products spared include smartwatches and Bluetooth devices like the iPhone and Fitbit, child safety products such as high chairs, car seats and playpens, and certain health-and-safety products such as bicycle helmets, US officials said.

Walmart, the world's biggest retailer, also warned of the "detrimental impact" to consumers if tariffs were imposed on a number of products, but many of those, like handbags, suitcases, dog food and dog leashes, remained on the final list.

# Singapore watchdog fines Grab, Uber $9.5m over merger




REUTERS/FILE

**A view of Uber and Grab offices in Singapore on March 26, 2018.**

AFP, *Singapore*

SINGAPORE on Monday fined ride-hailing firms Grab and Uber $9.5 million for breaking competition rules when they merged, saying the deal had increased fares and thrown up road-blocks for competitors.

Singapore-headquartered Grab agreed to buy US firm Uber's ride-hailing and food business in Southeast Asia in March, ending a bruising battle between the companies.

In return, Uber received a 27.5 percent stake in Grab.

However the deal came under scrutiny across the region, and the Competition and Consumer Commission of Singapore was among watchdogs in several countries that launched probes.

In the conclusion to its investigation, the commission said it had found the merger had substantially reduced "competition in the ride-hailing platform market in Singapore".

Grab fares rose between 10 and 15 percent after the deal as the company reduced the number of points earned by riders and made it harder for them to redeem them, it said.

Potential competitors were hampered by exclusivity agreements Grab forged with taxi companies, car rental partners and some of its drivers, the commission said. The deals meant drivers could not work for other companies.

The commission fined both firms a total Sg$13 million ($9.5 million) -- Sg$6.42 million for Grab and Sg$6.58 million for Uber -- "to deter completed, irreversible mergers that harm competition".

The body also criticised Grab and Uber for not getting the commission's clearance before completing the deal.

In addition to the fines, the commission ordered several measures be implemented to ease fares and allow new players to compete with Grab, including reverting to pre-merger pricing and allowing Grab drivers to use other ride-hailing platforms.

Lim Kell Jay, head of Grab Singapore, said the firm completed the deal "within its legal rights, and still maintains we did not intentionally or negligently breach competition laws".

In the Philippines, the competition watchdog last month approved the merger but imposed conditions related to areas including pricing and exclusivity arrangements to prevent Grab acting like a monopoly. Malaysian authorities are also examining the deal.

# Trade wars: Is Trump lining up Japan next?

AFP, *Tokyo*

WHILE the US takes aim at China, Canada and Mexico over perceived trade imbalances, Japan has kept a low profile, hoping Prime Minister Shinzo Abe's friendship with golf buddy Donald Trump will keep Tokyo out of the firing line.

But as Abe and Trump prepare to hold talks that will touch on trade frictions, there are signs Japan could be next in the US president's sights, with the country's greatest fear being higher tariffs on cars.

Trump has frequently grumbled about a "very high deficit" with Japan, the world's third-biggest economy.

In comments to the Wall Street Journal, he stressed his good relations with the Japanese, before adding menacingly: "Of course, that will end as soon as I tell them how much they have to pay."

Last year's deficit in goods traded with Japan was $68.8 billion, third behind China ($375 billion) and Mexico ($71 billion), and less than a tenth of the total US deficit with the rest of the world ($796 billion).

The deficit amounted to $40 billion in the first eight months of this year, according to official US statistics.

Vehicle and parts exports from the auto sector account for 80 percent of the imbalance and it is the sight of "millions of Japanese cars" on American roads that raises Trump's hackles, while few US brands are driven in Japan.

That has little to do with tariffs - Japan has no duties on imported cars, unlike the United States which imposes a 2.5 percent levy.

Analysts say with their larger sizes, US vehicles are not well suited to Japan's roads or the tastes of its consumers.

Critics argue, however, that Japan imposes a raft of non-tariff barriers -- including what they say are overly-rigorous safety standards -- that make importing difficult.

Initial negotiations between US Trade Representative Robert Lighthizer and Japanese counterpart Toshimitsu Motegi have already taken place without a breakthrough and a second round is expected later Monday.

REUTERS/FILE

**Japanese Prime Minister Shinzo Abe, *left*, and US President Donald Trump, *second from left*, are seen at Trump International Golf Club in West Palm Beach, Florida.**

The two sides have opposing points of view: Tokyo wants to settle trade disputes in a forum like the Trans-Pacific Partnership, a multi-nation trade pact, whereas Washington wants a bilateral deal.

Tokyo may accept the bilateral approach if Washington holds off on imposing additional tariffs on the Japanese auto sector, according to Kyodo News.

For the moment, hostilities have not broken out in earnest but this could soon change, said IHS Markit economist Harumi Taguchi.

"It is highly likely that Donald Trump will move his focus to Japan once he reaches some settlement or deal regarding US trade tensions with China and Nafta talks," said the analyst.

"The Trump administration's most effective weapon in talks with Japan remains the threat to impose tariffs of up to 25 percent on automobile imports on national security grounds," said Tobias Harris from Teneo Intelligence.

Such a move would have a "considerable" impact on the Japanese economy, he added.

Car giants like Toyota and Nissan sell millions of cars in the United States, many of which are produced elsewhere -- for example in Japan, Mexico or Canada.

Taguchi said a 25 percent tariff could cut Japan's GDP by as much as 0.5 percent.

Manufacturers have already warned they will be unable to absorb the cost and it will be passed onto US consumers -- in Toyota's case, this could cost a buyer as much as $6,000 per car.

Trump will probably demand more Japanese cars made in the US, but the room for manoeuvre is limited.

Japanese companies already produce nearly four million units per year in the US and employ 1.5 million workers there, Taguchi said.

A China-style tit-for-tat tariff battle is also unlikely, as Abe has already said such a move would benefit nobody.

Instead, Japan will probably petition the World Trade Organization, as it threatened to do when the US imposed steel tariffs.

What Abe should do is promise to increase purchases of "shale gas, military items, and some other items that will not substantially affect domestic production," Taguchi said.

Japan has already announced the purchase of the costly Aegis Ashore missile defence system, produced by US contractor Lockheed Martin.

However, this is not likely to prove sufficient and Abe will have to use his negotiating skills.

If Japan offered a "satisfactory package of concessions on market access in the near term, particularly one that included agricultural concessions", it might escape Trump's wrath, said Harris.

But this is a very sensitive subject in Japan which already has tariffs in place to protect its farmers.