



ANM Mahfuz, head of consumer banking of Prime Bank, and Md Al-Amin, director for sales and marketing at The Westin Dhaka, exchange documents after signing a deal at the bank's head office recently for the bank's Platinum/World MasterCard holders and Monarch customers to get preferential prices at the hotel.

Canada posts first trade surplus in two years

AFP, Ottawa

Canada posted its first trade surplus in almost two years in August, the government statistical agency said Friday, beating economists' expectations.

The Can\$526 million (US\$407 million) surplus followed a Can\$189 million deficit in July -- as falling imports outpaced a drop in exports.

Combined with positive employment figures released earlier, CIBC Economics analyst Royce Mendes predicted a boost in the Canadian dollar, but added the data "likely overstate the positives for the economy."

Exports in August, according to Statistics Canada, fell 1.1 percent to Can\$50.5 billion, mostly on lower sales of passenger cars and trucks to the United States that coincided with "atypical shutdowns" in the industry.

The agency also noted lower exports of unwrought gold and crude oil to Britain, while exports of copper ores and concentrates were up mostly due to shipments to Japan, South Korea and India -- which also bought more potash from Canada.

Imports, meanwhile, declined 2.5 percent to Can\$50.0 billion in August.

Aircrafts and other transportation equipment and parts imports fell for a third consecutive month from a record high in May.

There were no imports of commercial airliners in the month, Statistics Canada said, but the year-to-date value of imports of aircraft engines and parts remains at a record high.

Imports of motor vehicles engines and parts, and consumer goods -- notably pharmaceutical and medicinal products, miscellaneous goods

and supplies and furniture and fixtures -- fell in August.

Canada imported less overall from China, as well as less bauxite from Brazil, fewer pharmaceutical and medicinal products from Belgium, less crude oil from Algeria and less gasoline from the Netherlands.

These declines were partially offset by higher imports of copper from Switzerland. Canadian trade with the United States decreased in the month, but its trade surplus with its neighbor remained "essentially unchanged from July and August at Can\$5.3 billion -- the largest in a decade."

Exports of steel to the United States rose a second month in a row after the US slapped 25 percent tariffs on steel, but aluminum exports subject to a 10 percent US tariff fell for a third consecutive month.

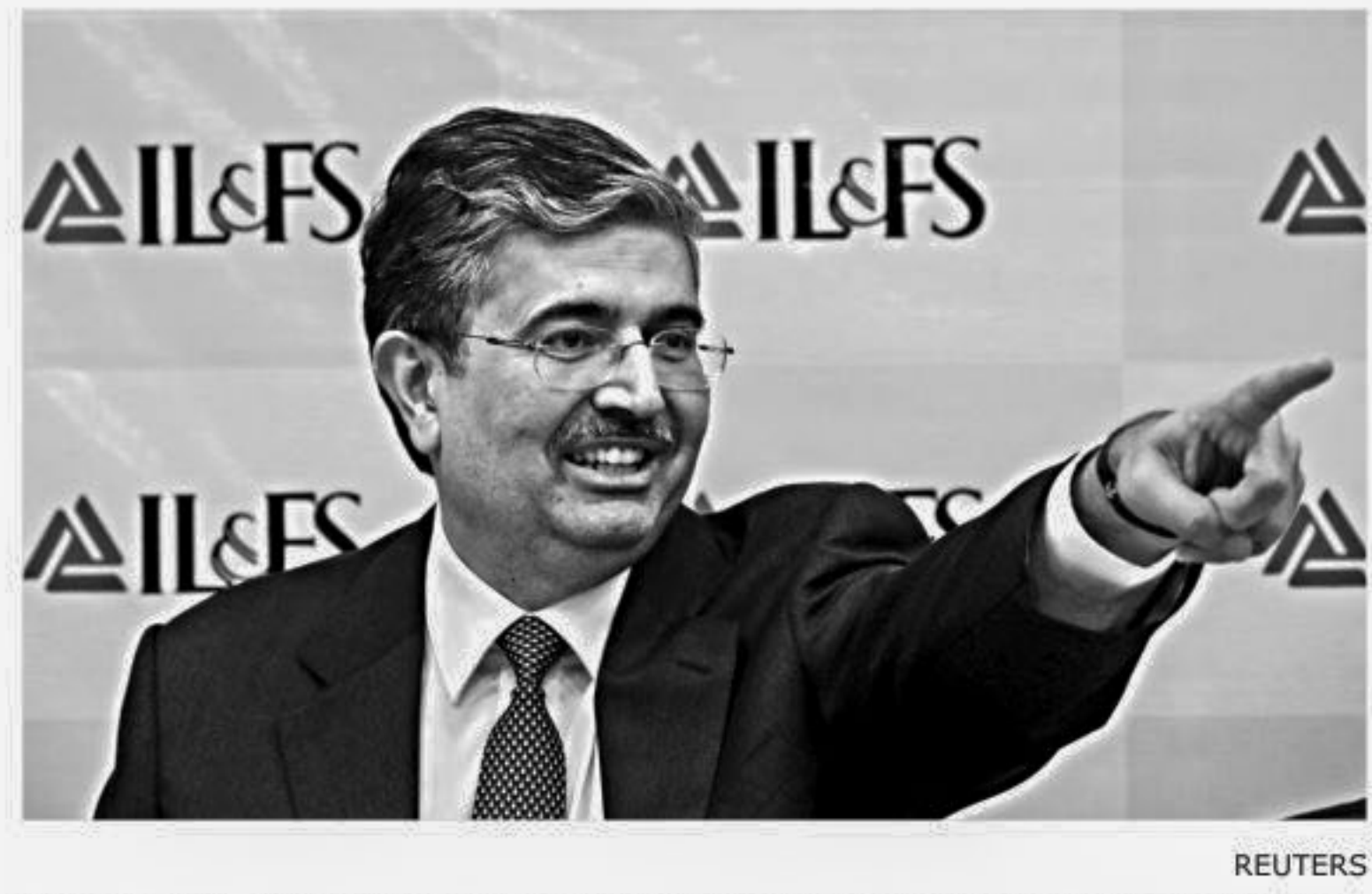
Indian govt says it took control of IL&FS to avert damage

REUTERS, New Delhi

The Indian government said it was forced to take control of ailing shadow banking firm Infrastructure Leasing & Financial Services (IL&FS) as it feared its collapse would cause "catastrophic" damage to the financial markets and the economy, a court filing shows.

In the largest intervention of its kind, India this week replaced the board at IL&FS, a construction and infrastructure firm that had defaulted on a series of repayments to creditors as it struggled under a debt pile of more than \$12 billion.

The company's downfall has undermined confidence in India's shadow banking sector, triggered declines in the nation's stock and bond markets, and stoked fears of outflows from the mutual fund industry which has a large exposure to such financing companies.



Uday Kotak, newly appointed non-executive chairman of Infrastructure Leasing and Financial Services Ltd (IL&FS), addresses a news conference at the company's headquarters in Mumbai on October 4.

ment said in the petition.

"The future impact of more defaults in the group may be catastrophic for the (country's) financial stability," it said.

"Any impairment in its ability to finance and support the infrastructure projects would be quite damaging to the overall infrastructure sector, financial markets and the economy," the government added.

IL&FS, whose top shareholders are state-run Life Insurance Corporation, the State Bank of India, Japan's Orix Corp and the Abu Dhabi Investment Authority, is one of the largest of thousands of NBFCs which have mushroomed in India in recent years.

The NBFCs, that currently manage an aggregate loan book of nearly \$300 billion, have played a key role in lending growth in India as the main banking sector struggled to tackle a bad-debt burden of \$150 billion.

It is rare for the Indian government to take control of a private company. In 2009, it took over Satyam Computer Services following an accounting scandal at the firm.

But the rescue was critical for Prime Minister Narendra Modi who can ill afford a financial crisis months before he faces voters at the next election, due by May 2019. His administration is already facing public ire over high fuel prices, a falling rupee currency and farmer protests due to low crop prices.

In a "critical lapse", IL&FS' risk management committee, which was tasked to keep tabs on liquidity, credit and market risks, met just once between 2015 and 2018, the government said.

IL&FS' proposed restructuring plan, announced just days before the government take over, was a "sham" and a "disguised way" to further dupe the stakeholders and misguide the general public, the

government said.

The board was "responsible for negligence, incompetencies and putting veil on the misleading intent by presenting rosy financial statements," the petition said.

The "unscrupulous" manner in which public money has been managed and is stuck in projects indicates that the management not only failed but was involved in "operation cover up" till the end and willfully created a financial mess, the government alleged.

IL&FS' former managing director and board member, Hari Sankaran, did not respond to a request for comment. Reuters could not immediately contact the other former board members of IL&FS, who have not commented publicly on the matter.

IL&FS has 348 entities and has over the years developed marquee road, township and water-treatment projects in India and abroad. The group's debt levels rose to more than \$12 billion this year, from \$6.6 billion in 2014.

The government said IL&FS was not making enough profits to take care of its interest expenses, leading to defaults and rating downgrades. The overexposure to loans had been without "prudent commercial practices", it said.

The government has ordered its Serious Fraud Investigation Office to probe the IL&FS matter, and the finance ministry on Sept. 30 drafted an internal note on possible ramifications of an IL&FS collapse.

The ministry warned that mutual funds had an exposure of 28 billion rupees (\$381 million) to IL&FS bonds and were likely to face redemption pressure from their corporate clients following the IL&FS episode, according to the petition.

Unilever blow sparks Dutch PM tax rethink

AFP, The Hague

Dutch Prime Minister Mark Rutte said Friday he would reconsider a controversial tax break aimed at luring foreign firms after Unilever axed plans to move its HQ to the Netherlands.

Rutte's fragile coalition said last month it would scrap a so-called dividend tax that companies pay on profits distributed to shareholders, arguing that it would attract business from Britain after Brexit.

But the shock announcement by Anglo-Dutch consumer goods giant Unilever earlier Friday that it was withdrawing plans to move its main headquarters from London to Rotterdam has prompted a rethink.

"I am disappointed by Unilever's decision," Rutte, a former human resources manager for the firm, told a weekly press conference in The Hague.

"We have not taken this measure for one company. But Unilever's decision is of course relevant. That's why we will reconsider the measure," he added. "I still think the plan is very defensible."

Unilever's under-fire CEO Paul Polman however turned the blame back on Rutte and his tax plan.

"For some of the British shareholders, the political debate that erupted in the Netherlands over the government's plan to scrap the dividend tax was a factor in them not supporting the proposal by the board" to move Unilever's HQ, Polman told NOS public television.

Opposition parties have heavily criticised Rutte for scrapping the tax, saying he is pandering to the wishes of large multinationals. Far right leader Geert Wilders said Rutte should resign over the Unilever debacle -- calling him a "leader in decay" -- and said there should be a vote of no-confidence in the government.

Just last month Rutte had defended the plan as he unveiled it in the government budget, despite admitting it was "more expensive than originally thought".

The NOS public broadcaster reporting some 600 million euros (\$700 million) were added to the original figure, taking the total cost of the measure to around 2 billion euros.



Unilever headquarters in Rotterdam, the Netherlands.

Oil giant Aramco IPO by 2021: Saudi crown prince

AFP, Riyadh

Saudi Crown Prince Mohammed bin Salman said that oil giant Aramco's initial public offering will go ahead by early 2021 after reports emerged the plan had been scrapped, Bloomberg reported.

"I believe late 2020, early 2021," Prince Mohammed told Bloomberg in an interview published late Friday when asked when he believed the IPO could be launched.

"The investor will decide the price on the day. I believe it will be above \$2 trillion. Because it will be huge."

The crown prince denied that the kingdom had halted the plan after a media report said that financial advisors working on it had been disbanded.

"Everyone heard about the rumours of Saudi Arabia cancelling the IPO, delaying that, and that this is delaying Vision 2030," he said.

"This is not right."

The plan to float around five percent of Aramco forms the cornerstone of a reform scheme envisaged by the prince.

US unemployment falls to 48-year low

AFP, Washington

The US jobless rate tumbled in September to its lowest level since December 1969, even as job creation slowed, likely due in part to Hurricane Florence, the government reported Friday.

Unemployment fell to a 48-year-low of 3.7 percent last month from 3.9 percent, an unusually large drop, according to the Labor Department's closely-watched monthly jobs report.

Non-farm employers added just 134,000 net new positions, far weaker than analysts expected.

A month ahead of hard-fought congressional elections, the result was sure to delight US President Donald Trump, who has eagerly taken credit for America's extended run of good economic health but whose Republican party faces a possible rebuke from disenchanted voters in elections in November.

Hurricane Florence, the storm which made landfall along the mid-Atlantic US coast on September 14, caused widespread disruption for homes and employers but it was not possible to determine the extent to which this might have depressed the September jobs numbers, officials said.

But economists had expected job creation to slow to 184,000, even with the hurricane impact, from the 270,000 net new positions created in August, which was revised up from the original report.

Employees temporarily left unable to work during natural disasters can be left off the government's monthly jobs survey, especially part time workers who receive no pay during the week of the survey, meaning figures can rebound in the month after a storm.

Meanwhile, the labor force participation rate held steady at 62.7 percent, while the number of unemployed people fell by 270,000 to six million, with the largest drop among adult women.



A worker paints the White House in Washington DC.

Google shows progress in addressing competition concerns: EU antitrust chief

REUTERS, Strbske Pleso, Slovakia

Google's proposals to increase competition in online shopping are bearing fruit, Europe's antitrust chief said on Friday, suggesting that the company may be able to avoid further fines.

Alphabet Inc's Google last year offered to allow price-comparison rivals to bid for advertising space at the top of a search page, giving them the chance to compete on equal terms, seeking to appease regulators after the European Commission fined it a record 2.4 billion euros (\$2.8 billion) for favoring its own service.

The US company submitted a second progress report at the end of September and failure to comply with the EU competition enforcer's order could expose it to fines of up to 5 percent of its average daily global turnover. European Competition Commissioner Margrethe Vestager said she saw further improvement since Google's first report in June showed some rivals had benefited from the company's action.

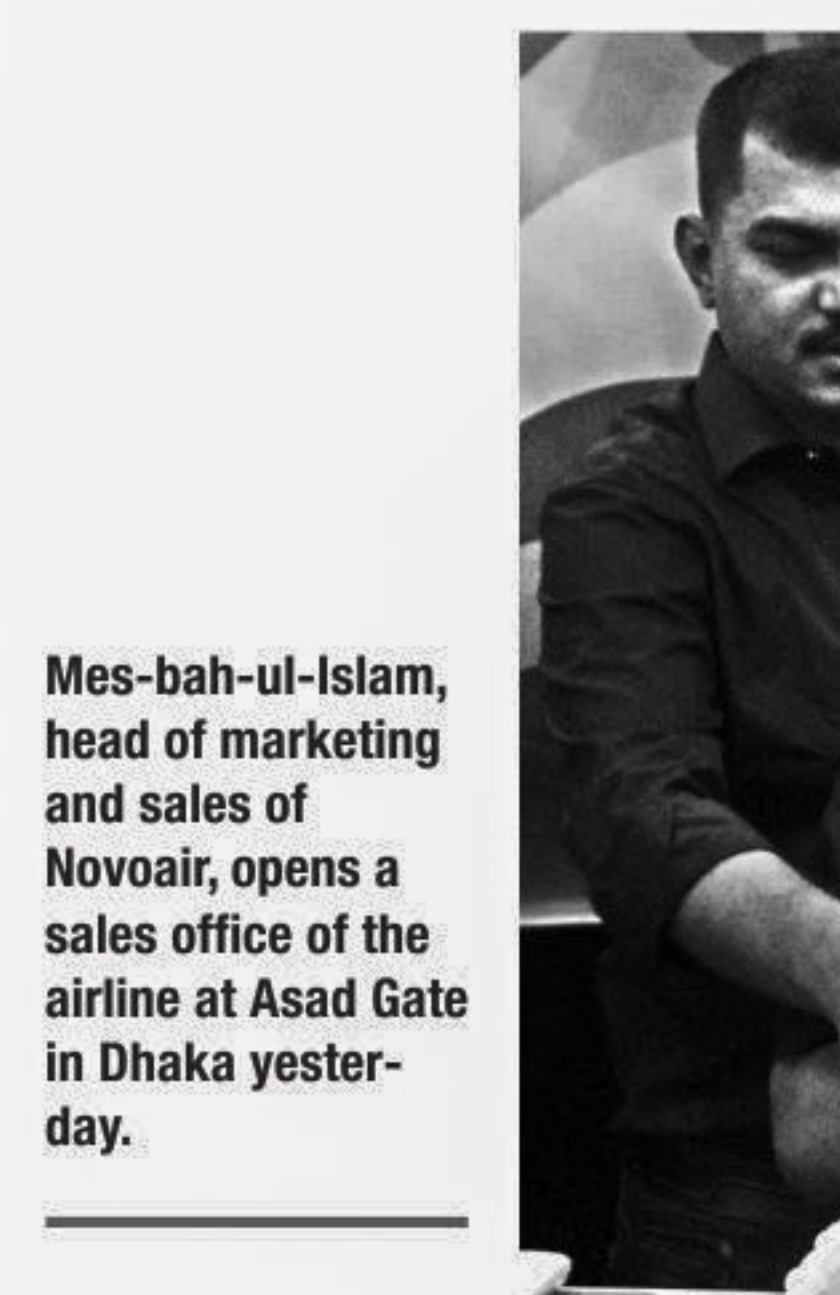
"We had another compliance report ... and we see improvements in numbers but we are still following it very, very closely and have taken no decision yet,"

Vestager told a briefing on the sidelines of the Globsec Tatra Summit.

Google is offering discounted shopping advertisements to comply with the EU antitrust order, Baird Equity Research wrote in a Sept. 30 note.

But some competitors in Britain, France, Germany and the United States say Google's changes do not go far enough, and Vestager said she was aware of such complaints.

"I take a keen interest in what some of the other shopping comparison services say. Having met with a couple of them, of course that raises new questions for us," she said.



Mes-bah-ul-Islam, head of marketing and sales of Novoair, opens a sales office of the airline at Asad Gate in Dhaka yesterday.

