

German firms urged to cut dependence on China

REUTERS, Berlin

A new strategy paper from Germany's influential BDI industry federation calls on firms to reduce their dependence on the Chinese market, according to a draft seen by Reuters, in a sign of rising concern over Beijing's state-driven economic model.

The 25-page China position paper from the Federation of German Industries (BDI), which is due to be published in January, argues that a long-promised opening of the Chinese market is unlikely to take place and voices concern about rising Communist party control over society and the economy.

Entitled "Partner and Systemic Competitor - How to cope with China's state-driven economic model?", the paper makes clear that German firms cannot afford to turn their backs on China.

But, in an unusual step, it urges them to reassess their presence there, while offering numerous recommendations for the German government and European Union.

The BDI is Germany's main business lobby group and although its proposals do not always translate directly into policy, they carry significant weight.

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"Despite the attractiveness of the Chinese market, it will be increasingly important for companies to closely examine the risks of their engagement in China and to minimise their dependence by diversifying supply chains, production sites and sales markets," reads the draft, which is being vetted by BDI members and could change before publication.

A spokesman for the BDI later confirmed that the group was working on a China paper but said it was still at an early stage.

Bilateral trade between Germany and China hit a record 188 billion euros last year. And big German firms, notably carmakers like Volkswagen, Daimler and BMW, depend heavily on the fast-growing Chinese market.

But while their presence there was once seen as a strength, it is now unsettling German politicians and industry as Beijing asserts control over the economy under President Xi Jinping.

Scepticism is growing despite recent steps by China to open up its economy, including allowing Germany's BASF to invest in a major chemical site and BMW to take control of its main joint venture in China, a first for a foreign carmaker.

Another worry is the escalating trade conflict between the United States and China, which risks putting Germany - and Europe - in the awkward position of having to choose between its top two economic partners.

The paper cites a range of problems for German firms operating in China, from forced technology transfer and failures to protect intellectual property to arbitrary customs decisions and unequal access to licenses and financing.

It calls for closer coordination on China strategy within the German government and between the EU and like-minded partners, including the United States.

It also argues for a new EU instrument to prevent state-subsidised takeovers, including requiring Chinese firms to present accounts based on internationally agreed standards when acquiring European firms so their ownership structures and financing can be vetted.

The BDI calls on the EU to develop its own ambitious industrial strategy for 2030, an echo of Beijing's "Made in China 2025" plan, which prioritises development of key industry sectors, from robotics and aerospace to clean-energy cars.



BPROPERTY.COM

Mark Nosworthy, CEO of online real estate solution provider bproperty.com, and Tanzeer Alam Siddique, managing director of Doreen Developments Ltd, sign documents of a deal at Four Points by Sheraton Dhaka on Tuesday providing bproperty sales and marketing rights for Doreen's new project in the capital's Mirpur.

Deal signed for Ctg elevated expressway

STAR BUSINESS DESK

Max-Ranken Joint Venture on Tuesday signed a contract with Chittagong Development Authority (CDA) to construct a four-lane elevated expressway from Lalkhan Bazar to Hazrat Shah Amanat International Airport in Chattogram.

The project, including a 16-kilometre flyover and a 12-kilometre ramp, is scheduled to be complete in four years with government finance. The venture was the lowest bidder in an international tender,

says a statement yesterday.

Abdus Salam, CDA chairman; Mohammed Mahafuzur Rahman, the project director, and Ghulam Mohammed Alomgir, chairman of Max Group, attended the signing at the CDA office in the port city.

"Very recently we have successfully completed the construction works of Chowdhury Akhtaruzzaman Flyover in Chattogram. The same way, we will complete this elevated expressway project in the stipulated time by introducing state-of-the-art technologies and equipment," said Alomgir.

StanChart gets new country CFO



STAR BUSINESS DESK

Standard Chartered Bangladesh has recently appointed its country chief financial officer (CFO).

Md Abdul Kader Joaddar will be a member of the bank's country management team in Bangladesh, the bank said in a statement yesterday.

Prior to joining Standard Chartered, Joaddar was working as deputy managing director and CFO of Brac Bank. Joaddar is a chartered accountant, qualified in 2001 from KPMG Bangladesh under the Institute of Chartered Accountants of Bangladesh.

He also graduated with honours from the business faculty at the University of



ABEDIN EQUIPMENT

M Amir Hossain, chief financial officer of Abedin Equipment Ltd, and Ashok Anantharaman, director for international business at CNH Industrial India Private Ltd, attend the launch of two new tractor models at Bangabandhu International Conference Center in Dhaka recently. Abedin Equipment will market the Case IH brand tractors manufactured by CNH.

Saudi budget deficit shrinks as revenues surge

AFP, Riyadh

Saudi Arabia's budget deficit dropped sharply in the first nine months of 2018 on the back of a surge in oil and other revenues, the finance ministry said on Wednesday.

The OPEC kingpin, which has introduced economic reforms aimed at reducing its dependence on oil, has benefited from a sharp rebound in energy prices on world markets.

The budget shortfall in the first three quarters of 2018 was \$13.1 billion, a 60-percent drop from the same period last year, the ministry said on its website.

Oil revenues rose 47 percent year-on-year to \$120.6 billion while non-oil

income jumped 48 percent to \$56.3 billion, it said.

The kingdom, the world's top crude oil exporter, has posted a budget deficit every year since oil prices crashed in 2014.

In the past four fiscal years, it posted a total shortfall of around \$260 billion and has projected a deficit of \$52 billion for 2018.

The ministry said that expenditure in the first nine months of 2018 rose by 25 percent to \$190 billion.

The rise in non-oil income is significant after Riyadh has increased the prices of fuels and power and imposed a five-percent value-added tax (VAT) in addition to fees on around 11 million expatriates in the country.

Time to be more innovative in fashion, design

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Bhowmick, who is a Bangladesh-born country manager for the M&S, also called for improving the capacity of the country's premier Chattogram port as the volume of garment business is increasing.

Local garment manufacturers also need to increase the production volume of the value-added garment items like suits for which retailers, brands and customers pay more, aiding the sustainability of the garment business, she said.

The government is developing 100 special economic zones across the country to attract more investment from both domestic and overseas investors, Md Abul Kalam Azad, principal coordinator for SDG Affairs at the Prime Minister's Office, said while addressing the seminar as the chief guest.

Moreover, the government has already allocated 500 acres of land at Mirsarai in Chattogram to garment manufacturers so that they could build factories there and another 500 acres have been set aside from where more allocation can be avoided.

Calling for more investment in the potential agro-processed and pharmaceuticals sectors, Azad said the government has been planning to cultivate cotton—the basic raw material of finished garment products—in Africa to meet the growing demand for the white fibre.

Sustainability of the business mainly depends on the welfare of the employees, said Kutubuddin Ahmed, chairman of Envoy Group, another leading garment and textile producer. But at the same time good practices are required to protect the

environment, he said.

Ahmed has launched a host of welfare package for his 2,800 employees at Envoy Textile, which has the world's first Platinum rated LEED (Leadership in Energy and Environment Design) certified green building at Bhaluka.

"At HSBC, our aim is to support the development of sustainable supply chains for our clients, which will help them to grow internationally," said Francois de Maricourt, CEO of HSBC Bangladesh.

"As the second largest apparel exporter, Bangladesh should continue to drive the sustainable supply chain practices, given the expected impact of climate change."

"Inclusive business models have the potential to sustainably serve everyone through mutual benefit, be they the smallest enterprises or multinational giants, when tied together in a shared supply chain," said Sudipto Mukerjee, country director of UNDP Bangladesh.

Impact measurements can help identify supply chain gaps in policy, infrastructure and/or resource and creatively plug them to maximise social benefits and profits for everyone, he said.

Linda Germanis, project manager of UNDP Innovation Hub, gave the keynote presentation.

Rensje Teerink, head of the European Union delegation to Bangladesh; Matthew K Lobner, group general manager, head of international and head of strategy and planning for HSBC Asia Pacific, and Md Mahbub Ur Rahman, deputy CEO and country head for wholesale banking at HSBC Bangladesh, moderated the session.

US private hiring jumps again in October: survey

AFP, Washington

US firms hired at a rapid pace in October, with strong gains in the services and goods sectors, according to a monthly survey released Wednesday.

Despite the impact of two hurricanes, and a persistent shortage of workers, private companies added 227,000 employees this month, the fifth month with gains of 200,000 or more, according to payroll services firm ADP's National Employment Report.

That was well above the 180,000 consensus forecast, and better than the 218,000 increase posted in September, which was revised down from the original report.

"Despite a significant shortage in skilled talent, the labor market continues to grow," said Ahu Yildirmaz, vice president and co-head of the ADP Research Institute.

The increase was boosted by the 189,000 rise in the dominant services sector, with 38,000 added by goods-producing firms, including 17,000 each in manufacturing and construction.

The report is scrutinized ahead of the government's official employment report, which is due Friday and which economists project will show a gain of 190,000 non-farm jobs. However, the two surveys are frequently out of step and last month the difference was about 100,000 positions.

Yildirmaz noted that in the struggle to attract and retain employees, larger employers have an advantage "as they are more apt to provide the competitive wages and strong benefits employees desire."

The ADP report is derived from actual payroll data and covers nearly 24 million workers.

Summit LNG gets 15-yr tax break

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The terminal will supply 500 million cubic feet of gas a day to the national grid, for which it will receive \$0.45 per 1,000 cubic feet.

Petrobangla will pay \$158,511 per day to Summit as fixed component fees, \$30,500 daily as operating component fees and \$30,500 for port service component fees.

In its March order, the NBR offered tax exemption to foreign nationals working at the terminal, along with other benefits.

In October last year, the revenue authority awarded tax exemption to Excelerate Energy Bangladesh, a subsidiary of US-based Excelerate Energy, on its income from the terminal that the company builds to facilitate the import of gas to overcome country's growing energy crisis.

Gas supply stands at about 2,700 MMCFD against the demand for 3,300 MMCFD.

Project cost may rise 18pc

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Under these circumstances, the BR has sought additional funds and placed a proposal to the Planning Commission for a third revision. It also wrote to the ERD to communicate with India to get the allocation from the LoC.

Regarding the cost increase, Afzal Hossain, the project director, said the extension of the consultancy services increased to 42 months from 24 months because of a revision in the design of the Rupsha bridge and the poor condition of soil at the site.

He said the land acquisition took time: the Deputy Commissioner's office of Khulna handed it on November 3, 2016 and the DC office of Bagerhat handed it on January 1, 2017. The contractor was awarded the work order on March 9, 2017 and it mobilised the workforce two months later.

Most of the land acquisition has been completed except in Mongla port area land. Formalities to hand over the land in the port area have not been completed yet.

Hossain said the contractor -- Indian Railway Construction Company Limited -- relies on subcontractors. But most subcontractors are not experienced and have failed to show any progress of the project, delaying it.

An official of the ERD said they have already sent a letter to India and the fund may be allocated from the third LoC as the track will be useful for the proposed India Economic Zone in Mongla.

He said the planning ministry has the authority to endorse the cost increase of a project up to a certain level.

Once completed, the rail track is expected to boost domestic as well as sub-regional trade.

Ctg port bears brunt of transport strike

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The vessel operator will now have to pay \$10,000 in additional charter charge to the vessel owner and \$1,500 as berthing charge to the port authorities for each day of overstay, he added.

This was the first time loading and unloading had been disrupted.

As of yesterday there were 16 container vessels at the outer anchorage waiting to get berth.

Nasir Uddin Chowdhury, a former first vice president of the Bangladesh Garment Manufacturers and Exporters Association, fears many of the cargoes meant for the US and Europe might not be able to catch their mother vessels at transshipment ports such as Colombo or Singapore.

In such cases, another seven to eight days will be required to catch the next vessel. The only other option to deliver export items to clients is costlier airways.

This will damage the garment sector's image, said Chowdhury, adding that no such problem arose in the past couple of months and a repeat might put the sector at a great risk.

Chittagong Port Authority Secretary Md Omar Faruk said they were working hard to reduce the impact of the strike. He hoped that the situation would improve within a few days.

Regulator moves to fix mobile data price

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"Hence, data price regulation should be implemented at the earliest," Alam added.

Currently, there are a wide variety of data packages available to customers, with some giving away data virtually for free, said a senior executive of one of the top two players.

"If a customer buys 1 GB data for one week, the price will be lesser than if he/she takes it for a month. This complexity needs to be considered before declaring any pricing model," he added.

The government has no other option but to fix the floor and ceiling prices with a clear margin to bring down the mobile data usage costs, said Mustafa Jabbar, minister for telecom and ICT.

"Our main target is to protect the customers and create a business-friendly environment," Jabbar told The Daily Star recently.



JGTDSL

Mohammed Ahsanul Jabbar, chairman of Jalalabad Gas Transmission and Distribution System Ltd (JGTDSL), presides over the company's 32nd annual general meeting at Bangabandhu International Conference Center on Monday. The company earned Tk 184.86 crore as pre-tax profit in fiscal 2017-18.