



MA Mannan, state minister for finance, presents crests to Habibur Rahman, left, chairman of Pubali Bank; Md Nazmul Hassan, centre, chairman of Islami Bank Bangladesh, and Rajesh Surana, right, CEO of LafargeHolcim Bangladesh, as representatives of highest taxpaying organisations of 2017-18 at Pan Pacific Sonargaon Dhaka on Monday.

# Gas to overtake coal as second largest energy source by 2030: IEA

REUTERS, London

Natural gas is expected to overtake coal as the world's second largest energy source after oil by 2030 due to a drive to cut air pollution and the rise in liquefied natural gas (LNG) use, the International Energy Agency (IEA) said on Tuesday.

The Paris-based IEA said in its World Energy Outlook 2018 that energy demand would grow by more than a quarter between 2017 and 2040 assuming more efficient use of energy - but would rise by twice that much without such improvements.

Global gas demand would increase by 1.6 percent a year to 2040 and would be 45 percent higher by then than today, it said.

The estimates are based on the IEA's "New Policies Scenario" that takes into account legislation and policies to reduce emissions and fight climate change. They also assume more energy efficiencies in fuel use, buildings and other factors.

"Natural gas is the fastest growing fossil fuel in the New Policies Scenario, overtaking coal by 2030 to become the second-largest source of energy after oil," the report said.

China, already the world's biggest oil and coal importer, would soon become the largest importer of gas and net imports



An LNG tanker is seen off the coast of Singapore.

REUTERS/FILE

would approach the level of the European Union by 2040, the IEA said.

According to Reuters calculations, based on China's General Administration of Customs data, China has already overtaken Japan as the world's top natural gas importer.

Although China is the world's third-biggest user of natural gas behind the United States and Russia, it has to import about 40 percent of its needs as local production cannot keep pace.

Emerging economies in Asia would account for about half of total global gas demand growth and their share of LNG imports would double to 60 percent by 2040, the IEA report said.

"Although talk of a global gas market similar to that of oil is premature, LNG trade has expanded substantially in volume since 2010 and has reached previously isolated markets," it said. LNG involves cooling gas to a liquid so it can be transported by ship. The United States could account

for 40 percent of total gas production growth to 2025, the IEA said, while other sources would take over as U.S. shale gas output flattened and other nations started turning to unconventional methods of gas production, such as hydraulic fracturing or fracking.

Global electricity demand will grow 2.1 percent a year, mostly driven by rising use in developing economies. Electricity will account for a quarter of energy used by end users such as consumers and industry by 2040, it said.

Coal and renewables will swap their positions in the power generation mix. The share of coal is forecast to fall from about 40 percent today to a quarter in 2040 while renewables would grow to just over 40 percent from a quarter now.

However, the world's coal plants make up one third of energy-related carbon dioxide (CO2) emissions today. Many of those are in Asia, where average coal plants are on average 11 years old with decades left to operate, compared with an average age of 40 years in the United States and Europe.

"We can create some room for maneuver by expanding the use of Carbon Capture Utilization and Storage, hydrogen, improving energy efficiency, and in some cases, retiring capital stock early. To be successful, this will need an unprecedented global political and economic effort," said Fatih Birol, the IEA's executive director.

Energy-related CO2 emissions could reach a record high this year, the IEA said, and will continue to grow at a slow but steady pace to 2040. From 2017 levels, the IEA said emissions would rise by 10 percent to 36 gigatonnes in 2040, mostly driven by growth in oil and gas.

But this is "far out of step" with what scientific knowledge says would be required to tackle climate change, it added.

# Tata in active talks to buy majority stake in Jet Airways

REUTERS, New Delhi/Mumbai

Indian conglomerate Tata Sons is in active talks to acquire a controlling stake in Jet Airways, four people aware of the talks told Reuters, in what could potentially be a lifeline for the debt-laden carrier.

Tata is very interested in Jet but it is not at a stage of conducting due diligence or looking through non-public data, said two of the people, who spoke on condition of anonymity as the discussions are private.

Tata told Reuters it would not comment on speculation. Jet did not respond to an emailed request for comment.

One potential deal structure could include Tata taking over Jet's assets including the planes, leases, pilots and slots but not the whole company, one of the people said.

The first step is to see if the economics are viable, if it makes sense from the cost and strategy perspective, and if Tata can make it work with its other aviation businesses, the person said.

Tata already owns and operates two airlines in the country: full-service carrier Vistara, which is in partnership with Singapore Airlines Ltd, and low-cost carrier AirAsia India in combination with AirAsia Group Bhd.

The talks come as a mix of rising oil prices, a weak rupee, low fares and competition has seen profit dive in the world's fastest-growing aviation market, which is clocking 20 percent annual passenger growth.

Jet, founded by entrepreneur Naresh Goyal, is struggling to make payments to creditors including aircraft lessors and employees, and has seen its share price plunge 70 percent so far this year.

The airline said on Monday it would cut flights on less profitable routes and add capacity to more lucrative markets as part of a broader consolidation plan to reduce costs and boost revenue after it reported its third consecutive quarterly loss.

Any investment by Tata in Jet is, however, contingent on Goyal stepping down so that Tata has the power to take the decisions necessary to turn the airline around, the people said.

Goyal owns 51 percent of the airline while 24 percent is held by Etihad Airways.

# Flipkart CEO quits amid misconduct probe

PALLAB BHATTACHARYA, New Delhi

Leading Indian e-commerce firm Flipkart Group CEO and Co-founder Binny Bansal resigned yesterday following a probe into an alleged "serious personal misconduct", said the firm's new parent Walmart.

Bansal, 37, has strongly denied the allegation, the American retail giant said in a statement.

His decision to step down follows an independent investigation done on behalf of Flipkart and Walmart even though the probe "did not find evidence to corroborate the complainant's assertions against Binny", it said.

While the statement did not provide details of the "personal misconduct" allegations against Bansal, sources indicated that the complainant was associated with Flipkart a few years ago and is now running her own venture.

This, however, could not be independently ascertained.

The statement pointed out that the "deliberate and thorough" investigation "did reveal other lapses in judgement, particularly a lack of transparency, related to how Binny responded to the situation. Because of this, we have accepted his decision to resign".

Bansal's resignation as the CEO of Flipkart Group is with immediate effect.

He was serving as the Group CEO after Walmart's mega \$16 billion investment in the Bengaluru-based company.

Sachin Bansal, the other co-founder (not related to Binny), had left Flipkart after selling his entire 5.5 percent stake to Walmart as part of the deal.

Walmart's statement said the recent events "risked becoming a distraction for the company" and Binny had made a decision to step down.

The statement pointed out that Binny had been contemplating a transition for some time and that the company (Walmart) had been working together on a succession plan, which has now been accelerated.



Wendy Werner, country manager of International Finance Corporation for Bangladesh, Bhutan and Nepal, hands over a crest to Syed Mahubur Rahman, managing director of Dhaka Bank, at a ceremony at the latter's corporate office in Dhaka on Sunday where the duo signed a \$50 million syndicated working capital solutions facility agreement.

# Bank of Japan's balance sheet now larger than country's GDP

REUTERS, Tokyo

Japan's central bank has become the first among G7 nations to own assets collectively worth more than the country's entire economy, following a half-decade spending spree designed to accelerate weak price growth.

The 553.6 trillion yen (\$4.87 trillion) of assets the Bank of Japan holds are worth more than five times the world's most valuable company Apple Inc. and 25 times the market capitalisation of Japan's most valuable company, Toyota Motor Corp.

They're also bigger than the combined GDPs of five emerging markets — Turkey, Argentina, South Africa, India and

Indonesia. Central bank data released on Tuesday showed how much the BOJ has amassed over 5-1/2 years of what it calls "quantitative and qualitative" easing policy.

The BOJ has become the world's second central bank after the Swiss National Bank and the first among Group of Seven countries to own a pool of assets bigger than the economy it is trying to stimulate.

Japan's nominal gross domestic product for the April-June, the latest data available, was an annualised 552.8207 trillion yen. The reading for July-September, due on Wednesday, is expected to show a contraction after natural disasters.

While some analysts credit its unique policies with lifting the economy out of decades of deflationary pressures, the BOJ has had little success meeting its two percent inflation target or reviving domestic demand and growth.

Some investors see the BOJ's inflation target as too ambitious and one that has forced it to keep buying a massive amount of bonds and stocks even as other major central banks have started to remove crisis-era policy accommodation.

At the same time, the aggressive asset purchases in recent years now mean the BOJ owns about 45 percent of the 1 quadrillion yen Japanese government bond (JGB)

market, crowding out banks and other investors.

"The Bank of Japan's policy is clearly not sustainable. The BOJ would suffer losses if it would have to raise interest rates to, say, two percent," said Hidenori Suezawa, a fiscal analyst at SMBC Nikko Securities. "Also, in case of emergencies, such as a natural disaster or a war, the BOJ won't be able to finance government bonds any longer."

The BOJ's assets started ballooning when Governor Haruhiko Kuroda took the helm at the central bank in early 2013, vowing that such steps would boost Japan's inflation to two percent in two years.

That inflation target has proved

elusive, barring a brief spike in prices after a sales tax hike in 2014.

Since Kuroda started the massive stimulus in early 2013, nominal GDP has grown a total of 11.0 percent, or a quarterly average of 0.50 percent, one of the fastest growth rates in recent history.

Kuroda's predecessor Masaaki Shirakawa saw the economy shrink 6 percent, or a quarterly average of 0.33 percent, during his tenure, though the global financial crisis in 2008 and tsunami and nuclear disaster in 2011 are largely to blame.

But real growth under Kuroda looks less impressive, with a total of just 6.7 percent so far, or a quarterly average of 0.31 percent.

# BB has been made weaker, its director says

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In fact, the garment industry will also witness a lot of change due to technological advancements like robotics and automation.

"So, it is better to embrace the changes and think where to invest. There, I agree entrepreneurship is the way to go. You really need the youngsters who have a lot of fire, who have a lot of hunger."

Bangladesh receives \$15 billion as remittance, which is only \$200 on average per person, he said. If the money is sent through the official channel, banks keep 15 to 18 percent of the amount.

"If you go to the blockchain, you need to pay six cents for receiving a billion US dollar. That's the way to go. Let's not think in conventional way, let's think out of box. The young people can change the things," Parkash added.

Time has come to think which yields more benefits for the country: making one taka deficit in the budget or investing one taka in the private sector, said Mohammad Tareque, director of the Bangladesh Institute of Governance and Management.

Md. Nurul Islam, AmCham president, moderated the discussion.