DHAKA BANK

Reshadur Rahman, chairman of Dhaka Bank, presides over its 24th annual general meeting at InterContinental Dhaka yesterday. The bank approved 5 percent cash and 5 percent stock dividends for 2018. Syed Mahbubur Rahman, managing director, was present.

China's tech transfer problem is growing: EU business group

REUTERS, *Beijing*

Cases of European firms forced to transfer technology in China are increasing despite Beijing saying the problem does not exist, a European business lobby said, adding that its outlook on the country's regulatory environment is "bleak".

China's trading partners have long complained that their companies are often compelled to hand over prized technology in exchange for access to the world's second-largest economy.

Demands by the United States that China address the problem are central to the two countries' ongoing trade war, which has seen both sides pile tariffs on billions of dollars of each other's goods.

The European Union Chamber of Commerce in China said on Monday that results from its annual survey showed 20% of members reported being compelled to transfer technology for market access, up from 10% two years ago.

Nearly a quarter of those who reported such transfers said the practice was currently ongoing, while another 39% said the transfers had occurred less than two years ago.

"Unfortunately, our members have reported that compelled technology transfers not only persist, but that they happen at double the rate of two years ago," European Chamber Vice President Charlotte Roule said at a news briefing on the survey.

"It might be due to a number of reasons... Either way, it is unacceptable that this practice continues in a market as mature and innovative as China," Roule said.

In certain "cutting edge" industries the incidence of reported transfers was higher, such as 30% in chemicals and petroleum, 28% in medical devices, and 27% in pharmaceuticals, she added.

EU firms 'caught in crossfire' of US-China trade war

AFP, *Beijing*

European firms are "caught in the crossfire" of the US-China trade war and fewer are optimistic about their future in the world's second-largest economy, a business survey showed Monday.

The clash between Beijing and Washington does not benefit European companies, contrary to what some might have hoped at the beginning of the dispute last year, according to the European Union Chamber of Commerce in China.

"Now the trade tensions are seen as another uncertainty on the business environment, something that won't be sorted out quickly whether there is a deal or not," said chamber vice president Charlotte Roule.

"The trade tensions, according to our members, are not good for business".

According to the survey, the trade war is one of the top concerns for European firms in China (23 percent), after the Chinese economic slowdown (45 percent), the global economy (27 percent) and rising labour costs in China (23 percent).

The study, which received replies from 585 firms, was conducted in January, as trans-Pacific trade tensions eased.

They ratcheted up again in early May with the United States and China slapping steep increases in punitive customs tariffs on each other.

But early this year, a quarter of European companies in China said they were already suffering from the US increase in tariffs on Chinese products.

Many European companies manufacture products in China and export them all over the world.

A small number (six percent) have already relocated to circumvent the US penalties, or are planning to do so elsewhere in Asia or Europe.

But Europeans say they share many of the grievances raised by the Trump administration in its campaign against Beijing.

"The fundamental issues driving the trade war need to be resolved by addressing market access barriers and regulatory challenges while also tackling SOE reform and forced tech transfer," Roule stressed.

Some 20 percent of the companies surveyed complained of being forced into technology transfers for the benefit of a Chinese partner, double the figure two years ago. For a quarter (24 percent), such transfers were currently under way.

"The authorities are saying there are no technology transfers any more but this is not what we see in our survey," she said.

Chinese foreign ministry spokesman Lu Kang reiterated Beijing's denial.

"We do not have a national policy of forcing foreign companies to transfer technology," Lu said at a regular press briefing.

He recalled that the country's rubber-stamp parliament adopted in March a foreign investment law that prohibits the use of "administrative means" to force the transfer of technology.

More than half of the companies said legal protection of intellectual property was "inadequate", and 45 percent say they suffer "unequal treatment" compared to their Chinese counterparts.

State firms and their subsidies are their main bone of contention.

The Europeans largely accuse these companies of enjoying preferential treatment, with 62 percent saying they have better access to public contracts.

And the outlook is getting gloomier: only 45 percent of the firms surveyed say they are optimistic about growth prospects for their sector over the next two years, compared to 62 percent a year ago.

Half do not expect to see a level playing field in the next five years or even beyond.

Fifty-three percent say business has become more difficult in the past year, up from 48 percent a year ago, with "ambiguous rules and regulations" topping of the list of obstacles cited by companies.

Oil rises after Opec+ says to keep output cuts

REUTERS, *London*

Oil hit multi-week highs on Monday after Opec indicated it was likely to maintain production cuts that have helped boost prices this year, while escalating Middle East tensions provided further support.

Brent crude was up by 34 cents to $72.55 a barrel by 0928 GMT, having earlier touched $73.40, the highest since April 26.

US West Texas Intermediate crude was up 24 cents at $63 a barrel, after hitting a three-week high of $63.81.

Saudi Energy Minister Khalid al-Falih said on Sunday there was consensus among the Organization of the Petroleum Exporting Countries (Opec) and allied oil producers to drive down crude inventories "gently" but he would remain responsive to the needs of a "fragile market".

United Arab Emirates Energy Minister Suhail al-Mazrouei earlier told reporters that producers were capable of filling any market gap and that relaxing supply cuts was not the right decision.

Opec data indicates oil inventories in the developed world rose by 3.3 million barrels month-on-month in March, and were 22.8 million barrels above their five year average.

A gathering of the so-called Joint Ministerial Monitoring Committee (JMMC) in Saudi Arabia over the weekend did not make any solid recommendations, leaving a decision on policy for a meeting of Opec and its allies next month in Vienna.

"While not explicitly mentioned in the statement (of the JMMC), uncertainty on how many Iranian and Venezuelan oil barrels will be lost due to US sanctions was probably the main reason the group kicked the can down the road," UBS analyst Giovanni Staunovo said.

Opec, Russia and other non-member producers, an alliance known as Opec+, agreed to cut output by 1.2 million barrels per day (bpd) from Jan. 1 for six months to try to prevent inventories from increasing and weakening prices.

Adding to the bullish sentiment is rising tensions in the Middle East.

M Khorshed Anowar, head of retail and SME banking at Eastern Bank, and Taskeen Ahmed, managing director of IFAD Autos, authorised distributor of Ashok Leyland, sign a supply chain financing agreement at the bank's head office in Dhaka recently.

EASTERN BANK

Japan's economy grows better-than-expected

AFP, *Tokyo*

Japanese GDP expanded a better-than-expected 0.5 percent in the first quarter of this year, official data showed Monday, although analysts cautioned that the world's third-largest economy was still facing headwinds.

It was the second successive expansion for the Japanese economy after growth of 0.4 percent in the fourth quarter of last year.

The results defied gloomy expectations by analysts who predicted a small decline at the start of 2019, but some economists warned that signs of weakness remained beneath the positive headline figure.

"The headline figures were unexpectedly good but if you take a closer look, the data was not something we should be pleased about," said Takeshi Minami, chief economist at Norinchukin Research Institute.

"Rather, the data clearly showed weak points in the economy with poor consumption and corporate investment on plants and equipment," he told AFP.

Net exports contributed strongly to the latest growth figures -- but only because the fall in imports outweighed a decline in exports, according to the data from the Cabinet Office. "There is no clear sign of a bottoming out in exports, production, and business confidence, and so I don't think we can be optimistic about the future of the economy," said Yoshiki Shinke, chief economist at Dai-ichi Life Research Institute.

Nevertheless, the better-than-expected figure pushed up the Tokyo stock exchange, with the main Nikkei index rising 0.74 percent at the open.

The latest data was being closely watched amid speculation that weak growth could prompt Prime Minister Shinzo Abe's government to postpone a planned sales tax hike for the third time.

With global economic uncertainties -- such as the US-China trade war and Brexit -- some suspect Abe plans to shelve the increase in the VAT-like tax from eight percent to 10 percent, previously expected in October.

Speculation is also mounting that he could use this decision to call a snap election over the summer, combining it with upper house elections.

However, the strong headline GDP figure may dampen the speculation.

"For those who want to implement the tax hike as scheduled, today's data is a tailwind," Shinke told AFP.

Major Japanese business organisations support going ahead with the planned tax hike, and top government spokesman Yoshihide Suga has recently said the government will carry out the plan unless a crisis on the level of the 2008 financial meltdown happens.

REUTERS/FILE

People walk through a shopping district in Japan.

Winning during economic slowdown, Australia's Morrison must halt rot

REUTERS, *Sydney*

Surprisingly retained by Australians in a national election over the weekend, Prime Minister Scott Morrison's centre-right government now needs to find a fast way out of a worrying slowdown in an economy that has been recession-free since 1991.

The Reserve Bank of Australia (RBA) is expected to cut interest rates, already at record lows, later in the year, but economists say Morrison should be administering some fiscal stimulus in the coming months, rather than remain fixated on delivering Australia's first budget surplus in a decade.

"If they really are hell bent on delivering a surplus, the Australian economy and its people will suffer," said Frank Stilwell, an emeritus professor and Keynesian economist at the University of Sydney.

"They can't deliver tax cuts and budget surpluses in a stagnant and possibly declining economy," Stillwell said, describing the campaign pledges as false promises.

The housing market is suffering its worst downturn in a generation and wages growth is anaemic, leading households to sharply cut back on spending.

During the election campaign, Morrison trumpeted the record pace of job creation, and the help that planned tax cuts would provide for millions of indebted households, all to be accomplished while his Liberal-National coalition government brought the budget back toward a surplus.

Financial markets celebrated an election result that confounded opinion polls, finding "relief from the elimination of the threat of Labor's less business-friendly policies," according to Eleanor Creagh, economist at Saxo Bank.

Australia's benchmark equity index climbed to an 11-year top and the local dollar bounced off a four-month trough of $0.6862 touched on Friday to be last up 0.6 percent at $0.6911.

"Whilst the markets are up today on the back of the Morrison government returning to power, our suspicion is in the second half of the year fiscal stimulus may be required," said Perpetual's head of investment strategy Matthew Sherwood.

Australia's $1.3 trillion economy is sputtering.

Growth braked to an annualised 0.8 percent in the December quarter, unemployment is ticking up and inflation is still elusive, giving three good reasons to administer policy stimulus.

The March quarter was probably even worse. The data will be released next month. But forecasts show economic growth is likely to have been the weakest since the 2008 global financial crisis.

As clouds gather, the government has already responded by reducing some pressure on the cost of living by raising subsidies for childcare, encouraging power companies to cut electricity bills and announcing lower income taxes.

But more will be needed, analysts said, even as the centre-right coalition is inclined to slash government debt and deliver a budget surplus next year.

"Greater confidence and intentions are required to turn the cycle and encourage demand to pull activity forward. If these spirits stay hibernated downside risk will remain elevated," Morgan Stanley strategist Chris Nicol said.

Otherwise, he said, slowing growth and a lag-effect from tax cuts could open the door for further economic disappointment and hurt corporate earnings.

Perpetual's Sherwood, and a majority of more than 40 economists polled by Reuters in late-April expect at least two central bank interest rate cuts this year.

Investors now await a crucial speech by RBA Governor Philip Lowe on Tuesday for stronger clues to the timing of any rate reductions.

Earlier this month, the central bank said an easing might be needed if the labour market did not stay strong. Since then, data have showed the unemployment rate rising to 5.2 percent in April from a decade low of 4.9 percent even as hiring beat forecasts.

Then, there is also the risk from slowing global growth as a tariff-war between the United States and China turn bitter by the day.

Australian Prime Minister Scott Morrison

Ford Motor cutting 10pc of global salaried workforce

REUTERS, *Detroit*

Ford Motor Co said on Monday it will eliminate about 10% percent of its global salaried workforce, cutting about 7,000 jobs by the end of August as part of its larger restructuring in a move that will save the No. 2 automaker $600 million annually.

Ford Chief Executive Jim Hackett said in a Monday email to employees that the cuts include both voluntary buyouts and layoffs, and a spokesman added it freezes open positions as well. About 2,300 of the affected people are employed in the United States, the spokesman said.

"To succeed in our competitive industry, and position Ford to win in a fast-changing future, we must reduce bureaucracy, empower managers, speed decision making, focus on the most valuable work and cut costs," Hackett said in the email.

The cuts come as U.S. President Donald Trump has made boosting auto sector employment a key goal. Trump has harshly criticized automakers, especially General Motors Co, for cutting jobs, but has focused primarily on blue-collar cuts at factories rather than white-collar reductions.

The White House did not immediately comment on Monday about Ford's salaried cuts.

Restructuring work continues in Europe, China, South America and the International Markets Group and the Dearborn, Michigan-based company expects to complete the process in those markets by the end of August, Hackett said.