MTB

Thomas Hoffmann, CEO of STOLL Bangladesh, and Syed Rafiqul Haq, deputy managing director of Mutual Trust Bank (MTB), exchange an agreement on signing it at the latter's head office in Dhaka recently on payroll services for the former.

'.Amazon' gives e-commerce giant its own internet domain

AFP, San Francisco

E-commerce giant Amazon was on its way to running its own online neighborhood Monday after the internet's address keeper granted the ".amazon" domain to the company.

After waiting in vain for years for the US online retail colossus and an alliance of South American countries to resolve their battle over the right to web addresses ending with ".amazon," the Internet Corporation for Assigned Names and Numbers (ICANN) this month sided with the Seattle-based company.

In 2012, Amazon applied for ".amazon" and two internationalized versions of the name. Brazil and several other countries put the US company on notice that they were opposed to the idea.

"Due to its inseparable semantic relation to the Amazon forest, that domain should not be, in any way, the monopoly of a company," the Brazilian Ministry of Foreign Affairs argued on its website.

"On the contrary, it is imperative that the States concerned be able to participate in the management and use of the name in order to defend and promote the natural, cultural and symbolic heritage of the Amazon region, as well as foster the regional economy and the digital inclusion of the populations living there."

OECD cuts global growth forecast as US-China tensions rise

AFP, Paris

The OECD on Tuesday cut its forecast for the world economy, urging governments to resolve their trade disputes as the latest flare-up in the China-US trade war threatens to crimp global growth.

"Governments must act urgently to reinvigorate growth that benefits all," the Organisation for Economic Co-operation and Development said as it pared back its forecast for global growth to 3.2 percent this year from 3.3 percent earlier.

"Resolve trade disputes through increased international cooperation while fixing the international rules-based system," the OECD said.

"Invest in infrastructure, digital transformation and skills to meet tomorrow's challenges. In the euro area, combine structural with fiscal policies to stimulate activity." The OECD's updated forecasts did not take directly into account the latest flare-up in the long-running trade war between Washington and Beijing, "insofar that there is still a great deal of uncertainty about the length of time (tariffs) will remain in place and the future evolution of the trade relationship between the two countries," an OECD source told AFP.

Nevertheless, the projections did "incorporate" the increased uncertainty generated by the trade tensions, the source said.

As both Washington and Beijing slap trade tariffs on more and more of each other's goods, President Donald Trump has barred US companies from engaging in telecommunications trade with foreign companies said to threaten American national security.

US internet giant Google, whose Android mobile operating system powers most of the world's smartphones, then announced that it was beginning to cut ties with China's Huawei, which Washington considers a national security threat.

While the OECD pared back its global growth forecast for the current year, it predicted a pick-up in activity to 3.4 percent next year.

It notched up its forecast for US growth this year by 0.2 percentage point to 2.8 percent, but predicted a slowdown to 2.3 percent next year.

Chinese growth was projected to slow to 6.2 percent this year and 6.0 percent next year.

The outlook for the euro area growth was unchanged at 1.2 percent this year.

Brexit stockpiling boom ends for UK factories: CBI

REUTERS, London

British factories suffered the biggest fall in orders this month since late 2016, gearing down from their rush to stockpile before the original Brexit deadline in March and boding badly for the economy in the second quarter, a survey showed.

The Confederation of British Industry said on Tuesday its monthly order book balance fell to -10 from -5 in April, below all forecasts in a Reuters poll of economists and its lowest level since October 2016.

The CBI's orders gauge, which is not seasonally adjusted, usually rises in May.

Overall, the survey suggested the boost to manufacturing from the push to stockpile was fading fast.

Factories are now lumbered with the greatest stocks of finished goods since 2009, the CBI said.

Howard Archer, an economist at the EY ITEM Club consultancy, said the towering inventories pointed to a "significantly weaker" performance ahead for the manufacturing sector, which accounts for 10 percent of British economic output.

"The likelihood is that the manufacturing sector in particular and the economy overall will take a hit in second quarter at least while some of the stockpiling that occurred in the first quarter is unwound," Archer said.

Earlier this month the Bank of England forecast quarter-on-quarter growth of 0.2 percent for the second quarter, less than half the rate in the first three months of the year.

Just days before Britain was due to leave on March 29, Prime Minister Theresa May asked the European Union for more time to negotiate a deal. The Brexit deadline is now Oct. 31.

Finance minister Philip Hammond warned that politicians pushing for Britain to leave the EU without a deal would be doing deliberate damage to the economy.

Separately, the Organisation for Economic Cooperation and Development raised Britain's growth forecast to 1.2 percent this year from 0.8 percent previously, matching the forecast for the euro zone, as Brexit was pushed back.

British manufacturers are still likely to remain wary given a slowing global economy and the risk that trade wars escalate.

British factory export orders fell in May at the fastest rate since July 2016, the CBI said.

"(With) a sharp decline in order books, it's clear why manufacturing firms are so keen to see a swift end to the current Brexit impasse," CBI economist Anna Leach said.

Sprint, T-Mobile mega-merger gets nod from key US official

AFP, Washington

The top official at the US communications regulator on Monday announced his support for the proposed $26 billion merger between telecoms firms Sprint and T-Mobile.

The decision raises the chances the merger will win final approval from federal authorities.

But the companies still face an anti-trust review by the US Department of Justice, which media reports say fears declining market competition if the deal goes through.

Ajit Pai, chairman of the Federal Communications Commission, said both companies had promised his agency they would offer a next-generation 5G network to 99 percent of Americans within six years of completing the deal while also expanding access to mobile broadband.

The companies have agreed not to raise rates for three years and will divest from the Sprint subsidiary Boost Mobile.

DBL CERAMICS

Abdul Wahed, chairman of DBL Ceramics, and Mohammod Khourshed Alam, head of sales, attend the opening of the third branch of Rupantor, its exclusive dealer outlet, in East Monipur of Mirpur 10 in Dhaka yesterday.

DuPont plans $2b share buyback after spin off

REUTERS

DuPont said on Tuesday it plans to announce a $2 billion share repurchase program after separation from DowDupont on June 1.

DowDuPont, formed in 2017 by the $130 billion merger of chemical giants Dow Chemical and DuPont, is now in the process of splitting into three separate business units - Dow, DuPont and Corteva Agriscience.

Dow Inc, which makes chemicals used in cosmetics, paints and packaging, was spun off on April 1. Corteva is set to be separated on June 1. The company produces corn, soybean, cotton sunflower seeds as well as insecticides and herbicides.

DuPont, which makes chemicals used in semiconductors, brake fluids and lubricants, plans to grow full-year organic revenue by 2 percent to 3 percent and adjusted operating core earnings by 3 percent to 5 percent as a separate entity.

India watchdog probes allegations of anti-competitive conduct by Maruti

REUTERS, New Delhi

India's antitrust regulator is looking into allegations that Maruti Suzuki, the country's biggest car maker, resorted to anti-competitive practices by controlling how its dealers discounted cars, three people aware of the matter said.

Maruti, majority-owned by Japan's Suzuki Motor Corp, is a household name in India where it commands a 51 percent market share. It sold 1.73 million passenger vehicles in the year to March and has nearly 3,000 dealers in the country.

The Competition Commission of India (CCI) is looking into allegations that Maruti forces its dealers to limit the discounts they offer, effectively stifling competition among them and harming consumers who could have benefited from lower prices if dealers operated freely, the people told Reuters.

It was not clear over which period Maruti allegedly engaged in this conduct, but one of the people with direct knowledge of the case said the CCI has been reviewing the allegations for about 10 months.

A final decision on whether there needs to be a full investigation has not been reached, the person added.

The sources declined to be identified as details of the case were not public. Maruti Suzuki and the CCI did not respond to Reuters' requests for comment.

Automakers typically sell cars at wholesale prices to dealers, who sell them to customers at a higher retail price that includes their commissions. It is up to the dealer to offer discounts and take a lower profit margin, which they often do.

Car makers at times set a limit on discounts its dealers could offer to ensure there is no price war among them, two of the sources said, but Indian law says the practice, described as "resale price maintenance", is prohibited if it causes "appreciable adverse effect on competition in India".

In 2017, South Korean firm Hyundai Motor Co's India unit was fined $12.5 million by CCI for antitrust violations including resale price maintenance.

The CCI found Hyundai fixed the maximum amount of discount for its cars and restricted competition among dealers.

Hyundai was also penalising dealers who breached the set discount controls, the CCI said at the time.

"The Maruti case is similar to Hyundai, it's a resale price maintenance issue," the person with knowledge of the case said.

An appeals court overturned the fine on Hyundai last year, citing lack of evidence, but the CCI has challenged the ruling at the Supreme Court. The case is still pending.

Karan Singh Chandhiok, a lawyer who represented Hyundai in the case, said the company had argued at the time that it was a smaller player with about a 14 percent market share and its alleged conduct could not hurt the broader passenger car market.

If the CCI finds merit in allegations against Maruti and launches a full probe, the case could be far stronger than the one against Hyundai as Maruti accounts for more than half of India's car market, an antitrust official told Reuters.

Car makers like Hyundai, Tata Motors and Japan's Toyota Motor Corp all sell cars in India, but Maruti has for decades been the dominant player.

One of every two cars sold in India is a Maruti - the company which popularised small cars in the country with its Maruti 800 model.

"Maruti has the market power, if such a big player restricts discounts of dealers, customers are left with fewer options," said the antitrust official, who declined to be named as he was not authorized to speak to media.

HSBC plans more China tech jobs in push for mark

REUTERS, Hong Kong

HSBC Holdings PLC plans to add more than a 1,000 jobs this year at its technology development centres in China, as the Asia-focused lender seeks to bolster its presence in the world's second largest economy.

Europe's biggest bank by assets will boost headcount at its technology centres in Guangzhou, Shanghai and Xi'an by 14 percent from a current 7,000-strong workforce, said HSBC Chief Information Officer Darryl West.

In recent years the London-based bank has spent $3 billion annually on its group technology operations which employ 40,000 people worldwide, and West said annual investments of $3-$3.5 billion are planned over the next few years.

Many global banks set up low-cost hubs in China and India more than a decade ago to maintain their complex worldwide information technology networks, but these centres have now become a core part of their operations.

The centres develop and implement risk and fraud management technologies, as well as digital applications that make it easier for banks to attract customers and deliver faster and more secure services.

HSBC's expansion plan in China, a key market for the bank, comes amid growing use of technology in the financial sector - from payments to transactions.

At stake is a bigger share of the billions of dollars worth of retail and corporate banking business in a major financial market with a growing customer base.

"There is a lot more we can do with technology in mainland China. The level of technology adoption and innovation in China is way ahead of other markets," West told reporters during a tour of HSBC's technology centre in the southern city of Guangzhou last week.

"We see mainland China as a tremendous source of talent, not just for the local market but our technology operations globally. We are hiring very aggressively here," he added.

About 30 percent of the work done at the Guangzhou centre, the largest HSBC tech facility in China with more than 5,000 employees, is for the mainland market and that share is expected to grow over the next couple of years.

HSBC is also using China-based tech centres to develop banking products for its global network, such as the bank's UK mobile app which was developed in the northwestern city of Xi'an.

Outside China, HSBC employs more than 10,000 people at technology centres in India, with the rest in countries such as Britain, Canada, Hong Kong and the United States.

HSBC has in recent years lifted investment in China, including the prosperous southern Pearl River Delta region. Mainland China and Hong Kong together accounted for nearly 40 percent of the bank's revenue in 2018.

The bank will invest $15-$17 billion in the next three years in areas including technology and China, its Chief Executive John Flint said last year.

The limited physical presence of foreign banks in China compared to dominant domestic rivals has been a challenge.

HSBC's losses in retail banking and wealth management (RBWM) in mainland China widened to $200 million last year from $44 million in 2017. The bank aimed to reverse that with its investments in technology.

"Things like that, we see as very important for the next phase of our business growth ... once the major investments have gone in, RBWM will grow bigger and also profitable," said HSBC Greater China Chief Executive Helen Wong.

REUTERS/FILE

The HSBC headquarters building is seen in Shanghai, China.