



Seated from left, Anis A Khan, CEO of Mutual Trust Bank; Iqbal Ahmed, chairman of the UK Bangladesh Catalysts of Commerce and Industry (UKBCCI); Mahbubur Rahman, president of the International Chamber of Commerce Bangladesh; MA Mannan, planning minister; Bajloor Rashid, president of the UKBCCI, and MA Rouf, senior vice president, pose at a dinner hosted by the bank at a hotel in Dhaka recently welcoming the UKBCCI trade mission.

Reforms and transparency needed for Belt and Road success: World Bank

AFP, Washington

China's global Belt and Road Initiative could boost economies and reduce poverty rates in dozens of developing countries, but risks environmental damage, debt and corruption if improvements aren't made, the World Bank said Wednesday.

President Xi Jinping's signature foreign policy aims to reinvent the ancient Silk Road to connect Asia to Europe and Africa through massive investments in maritime, road and rail projects -- with hundreds of billions of dollars in financing from Chinese banks.

Critics, however, say the six-year-old BRI is a plan to boost Beijing's global influence, riddled with opaque deals favouring Chinese companies, and will saddle nations with debt and environmental damage.

The World Bank's "Belt and Road

Economics" report said the project has "the potential to substantially improve trade, foreign investment, and living conditions", but only if China and corridor countries make policy reforms to improve transparency, expand trade and mitigate against environmental and corruption risks.

While trade will "increase sharply, if unevenly" for economies along the routes, the "potential gains come with considerable risks", according to Ceyla Pazarbasioglu, a World Bank vice president.

The report estimated that the BRI would boost trade by 2.8 to 9.7 percent for participating countries and between 1.7 and 6.2 percent for the world.

However, the study found that around a quarter of those economies already have high debt levels and for some them, "medium-term vulnerabilities could increase".

Now Uber riders can get banned

STAR BUSINESS DESK

Uber has updated its community guidelines, reminding riders of the behaviour expected of anyone using the platform to foster an environment of mutual respect with drivers.

The updated guidelines ensure and encourage shared accountability on the platform and will see a handful of riders who, after several notifications, fall below

a minimum average rating, lose access to the app, Uber said in a statement yesterday.

It has extended "the same behavioural standards to riders that Uber has for its driver partners", said Zulquar Quazi Islam, lead at Uber Bangladesh.

"Even though a vast majority of riders will not be affected by this update, it reminds a select few what behaviour is expected of them while using the app."

Emirates expands services for Hajj season

STAR BUSINESS DESK

Emirates will run an additional 46 flights to Saudi Arabia between July 27 and August 22 for Hajj pilgrims.

The flights will be in parallel with Emirates' regular services to Jeddah and Medina, the company said in a statement yesterday.

Moreover, Hajj-centric services will be available on the ground and in the air. A dedicated team will manage check-ins and transfers in Dubai.

Extra provisions will meet Hajj travellers' needs such as performing ablutions and

other cleansing rituals as well as dedicated passenger announcements when entering Al Miqat zones to ensure readiness for Ihram.

Other services and products include extra blankets and unperfumed hot towels.

Emirates' inflight entertainment system will feature a special Hajj video that covers safety, formalities and information about performing the pilgrimage. Pilgrims will also be able to tune into the Holy Quran channel.

On flights from Jeddah, Hajj passengers can bring up to five litres of Zamzam water which will be placed in special areas in the cargo hold.

Trump-Xi meeting at G20 raises hope for trade truce

AFP, Washington

US President Donald Trump and Chinese leader Xi Jinping have agreed to meet at the G20 summit in Japan next week, raising hopes for a truce in the bruising trade war between the world's top two economies.

The two leaders spoke on the phone on Tuesday, weeks after negotiations broke down when Trump accused Beijing of reneging on its commitments, hiked tariffs on \$200 billion in Chinese goods and then blacklisted Chinese telecom giant Huawei.

The US president took a conciliatory approach this time.

"Had a very good telephone conversation with President Xi of China. We will be having an extended meeting next week at the G-20 in Japan," Trump said on Twitter.

"Our respective teams will begin talks prior to our meeting," he said ahead of the June 28-29 summit.

Xi noted that bilateral relations had encountered difficulties that were "not in the interest of either side" but he warned that dialogue must be conducted on "an equal footing." "China and the US will both gain by cooperating and lose by fighting," Xi told Trump,

according to state media. Global shares were buoyed by the announcement, with Wall Street rallying on Tuesday and Asian stock markets surging on Wednesday.

The White House readout of the call said the leaders "discussed the importance of leveling the playing field for US farmers, workers, and businesses through a fair and reciprocal economic relationship."

"I think we have a chance. China

wants a deal. They don't like the tariffs," Trump told reporters at the White House. "I have a very good relationship with president Xi. We'll see what happens."

North Korean "bargaining chip" - The White House repeated that the focus of the talks will be to address "structural barriers to trade with China and achieving meaningful reforms that are enforceable and verifiable."

The United States and China seemed close to an agreement when talks collapsed last month.

Beijing retaliated to Trump's tariffs and moves against Huawei by increasing custom taxes on \$60 billion in US goods, creating its own list of "unreliable" companies and individuals and threatening to ban exports of rare earths to the United States.

Xi told Trump that the two countries must "accommodate each other's legitimate concerns" and that "China hopes the US side can treat Chinese firms in a fair manner," according to the official Xinhua news agency.

Trump had requested the call between the two leaders, according to Xinhua. A week before the G20, Xi will visit North Korea on Thursday and Friday, his first trip there as president.

China is North Korea's sole major ally, and analysts say Xi could use any leverage Beijing may have in the nuclear standoff between Washington and Pyongyang as a "bargaining chip" in his talks with Trump.

"No guarantees" - Trump economic adviser Larry Kudlow warned that there are "no guarantees" of any resolution in Osaka, Japan.

REUTERS/FILE

US President Donald Trump and China's President Xi Jinping meet business leaders at the Great Hall of the People in Beijing, China.



Moushume Basu Roy, vice president (sales) for North and East India and Bangladesh at multinational enterprise resource planning provider SAP poses with officials of its local partner companies at Intelligent Enterprise Summit organised by the SAP at The Westin Dhaka yesterday.

Budget positive for motorcycle makers

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"I think entrepreneurs will invest in this sector and foreign investors come to invest in this sector. The demand of motor bike, three wheelers and four wheeler is increasing gradually, so the government's initiative is really positive."

Abdul Matlub Ahmed, chairman of Nitol-Niloy Group that manufactures the Indian brand Hero's motorcycles in Bangladesh, echoed the same.

"This support would help the local industry to grow from small to big," he said, adding that if the government continues with this support there would be no need to import fully assembled motor cycles.

It will help in employment generation and building up skilled manpower.

About 4 lakh units of motorcycles were sold last year, and the annual sales figure will cross 15 lakh units by 2025.

The motorcycle market size reached approximately Tk 4,000 crore in 2018, according to an estimate of the market players. At present, local manufactures caters to 40 percent of the total demand for motorcycles in Bangladesh.

Stocks rise riding on insurance sector

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Eastern, Sonar Bangla, Rupali Life, Global, Eastland and Pragati Life Insurance topped the turnover list.

Turnover jumped 4.77 percent to Tk 554.04 crore, with 16.17 crore shares and mutual fund units changing hands. Of the traded issues, 124 advanced, 174 declined and 53 closed unchanged.

According to the UCB Capital's market review, general insurance sector gained the highest 1.21 percent.

Chittagong stocks also rose with the bourse's benchmark index, CSCX, advancing 6.24 points, or 0.06 percent, to finish at 10,038.47.

Losers beat gainers as 104 advanced, 141 declined while 22 securities ended unchanged on Chittagong Stock Exchange.

The port city bourse traded 87.39 lakh shares and mutual fund units worth Tk 35.47 crore.

New VAT system to bring in Tk 11,000cr

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The government proposed slapping 5 percent, 7.5 percent and 10 percent VAT on specific goods and services apart from the standard VAT rate of 15 percent, which has been in existence for nearly three decades now.

The NBR estimates that 15 percent growth of economic and business activities will generate an additional Tk 12,273 crore VAT in the new fiscal year.

And an increase in the prices of cigarettes and tobacco products will bring more than Tk 7,500 crore and thus will enable the VAT department to boost its overall receipts from domestic trade.

VAT is the biggest source of revenue for the NBR, followed by income tax and customs tariff. The NBR has been tasked to collect Tk 325,600 crore next fiscal year, up 16.29 percent from this year's revised budget.

India slaps anti-dumping duty

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The fresh duty by the Indian authorities would definitely hurt the jute industry, said A Barik Khan, secretary general of the Bangladesh Jute Mills Association.

"Our exports to India slumped heavily after the duty in 2017," he added.

The Bangladesh Jute Spinners Association echoed the same. "We are very concerned," said BJSJA Chairman Md Zahid Miah.

Tax uncertainties a challenge to e-commerce

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Another e-CAB leader said the proposed VAT contradicts with the government's digital commerce policy.

The industry leaders, however, welcomed the increase in budget for the ICT sector's development to Tk 2,176 crore.

Besides, the government allocated a Tk 100 crore fund for start-ups, which will bring innovation to the industry, they added. Farhana A Rahman, senior vice-president of BASIS; Didarul Alam, director; and some other digital service providers, also spoke.

Fed likely to leave rates steady, despite market outlook and Trump demands

REUTERS, Washington

The US Federal Reserve concludes its latest two-day policy meeting on Wednesday expected to leave interest rates on hold but flag whether it plans to cut rates later this year as investors expect and the US president has demanded.

The central bank may nod to recent weaker-than-expected jobs numbers and softer inflation, and drop from its policy statement a pledge to be "patient" before changing rates - opening the door to a possible rate reduction later.

But the level of concern raised around fresh economic risks, and the language Chairman Jerome Powell uses in his post-meeting press conference, will be read by investors and perhaps even more significantly by President Donald Trump as a sign of whether officials are poised to act soon or are still biding their time.

The policy statement and new economic projections are to be released at 2 p.m. (1800 GMT), followed by a Powell press conference at 2:30 p.m. (1830 GMT).

"If they don't (reduce the interest rate) in June, the words he uses are going to have to be pretty careful that they are open to July," said Mark Stoeckle, CEO of Adams Funds, which caters mostly to individual investors.

Fed policymakers "don't want to make it sound like (they) are beholden to the market or to the president," he said, but even a token single rate cut in July "buys you some time to get more data... It saves face for everybody."

As Fed officials gathered in Washington on Tuesday, news reports

surfaced describing efforts by Trump earlier in the year to determine if he could remove Powell as chairman of the central bank.

Powell, as head of an independent agency, is thought to be insulated from such a move by law. Still it was a reminder to policymakers that as Trump gears up his 2020 reelection effort he remains convinced the Fed is hampering an economy whose performance may prove central to his chances at a second term.

Fighting a trade war on several fronts and with some expectation growth may slow this year, he has singled out central banks globally for his ire. He has noted that China's monetary policy was shaped by politicians in a way he felt left him at a disadvantage in trade negotiations.

On Tuesday he slammed European Central Bank President Mario Draghi for raising the possibility of fresh stimulus to bolster weak European growth, which Trump saw through the lens of a weaker euro, a stronger dollar, and higher prices for US exports.

"Very unfair to the United States!," Trump said on Twitter.

But for a year the criticism of Powell has been biting, and on Tuesday Trump sent a thinly veiled threat as Fed officials were in the middle of their two-day deliberation over rates.

Asked by reporters outside the White House if he wanted to demote Powell, Trump said "let's see what he does."

The Fed's short-term overnight interest rate influences a variety of other borrowing costs. That shapes economic activity by determining

what consumers pay to buy houses and cars, how investors evaluate assets, and even what happens in a stock market that Trump often cites as a proxy for his performance.

Fed officials feel their four interest rate increases last year, far from crimping the recovery, were an appropriate response to the fact that Trump's tax and spending policies pushed the economy, at least temporarily, to accelerate faster than had been expected. In the Fed's view they helped guard against inflation, possible financial market bubbles and other problems.

But since then other risks have become more central, including the danger that some of Trump's own trade policies may damage a global economic expansion in more profound ways than initially thought, undermining business confidence and slowing investment and hiring.

That narrative has caused investors to bet that the Fed this year will approve two or three reductions of a quarter-percentage-point to the federal funds target rate, set in a range of between 2.25% and 2.5% since December.

New projections for the appropriate year-end policy rate are unlikely to match those expectations. To do so would require the bulk of the 17 policymakers to cut their rate outlook by a half a percentage point or more, a large shift by historic standards.

Not only do Fed officials downplay risk of a serious economic slump in the near future, they also, somewhat ironically, see Trump's very volatility as a reason to remain noncommittal.

Pran-RFL clarifies

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But the clearing agent informed Pran Dairy that cement bags were found in place of resin during unloading of the containers on June 1.

Pran Dairy immediately informed all stakeholders, including the supplier, the shipping line, the Customs House of Chattogram and the port authorities, stating that the goods were not supplied as per the purchase order, according to the statement.

It declined to accept the delivery of the goods and requested through the jetty examination official to keep the

containers under the custody of the security department of the port.

Pran Dairy also requested Mutual Trust Bank to cancel the LC payment in favour of GPG Middle East General Trading. As it was a 180-day deferred LC, no payment was made to the supplier, according to the statement.

"Our perception is that the supplier or associated one or more companies have deceived us and tried to embezzle the money by supplying the cement instead of HDPE resin."

According to the statement, Pran Dairy signed the contract to import the resin worth Tk 5.52 crore. It paid

duty amounting to Tk 1.42 crore on May 27 to facilitate the imports.

On the other hand, the price of the goods supplied was Tk 35.10 lakh and the duty would be Tk 32.25 lakh.

Pran Dairy had deposited Tk 1.10 crore more in duty to the government coffers than it would have needed to pay for the cement.

The company filed a case with First Joint District Judge Court in Dhaka on June 16 seeking redress.

"We hope we will get justice," the statement said, signed by Kamruzzaman Kamal, director for marketing at Pran-RFL Group.