



Syed Mahbubur Rahman, managing director and CEO of Dhaka Bank, and Md Miarul Haque, country manager of DHL Worldwide Express (BD) Pvt, exchange a memorandum of understanding for international air express services at the bank's corporate office on Monday.

Samsung asks partners to stockpile Japanese components

REUTERS, Seoul

South Korea's Samsung Electronics has sent letters to local partners urging them to stockpile more Japanese components in case Tokyo expands its export restrictions, a source with knowledge of the matter said on Thursday.

The move comes in the face of Tokyo's curbs on some exports of high-tech materials to South Korea that threaten to disrupt the global supply of microchips used by technology companies around the world.

The source, who spoke on condition of anonymity, said the letters were recently sent to local suppliers for the smartphone and home appliances businesses.

Earlier on Thursday, Yonhap news agency reported that Samsung had sent the letters

and was "exploring all possible means" to secure more components in preparation for Japan possibly expanding the restrictions.

In letters sent earlier this week, Samsung asked partners to secure components by the end of July, or before Aug. 15 at the latest, the Yonhap report says.

Samsung, the world's biggest memory chipmaker, declined to comment on the report.

Japan is considering whether to remove South Korea from its "white list" of countries with minimum trade restrictions, a move South Korean officials have said would cause a "tremendous amount of problems" and strain ties between Japan, South Korea, and the United States.

Samsung has told its partners it would shoulder the additional costs of stockpiling the components, the report says.

Pakistan price squeeze hits middle class as well as poor

REUTERS, Islamabad

Pakistan Prime Minister Imran Khan's government faces mounting pressure as rising prices and tough austerity policies under Pakistan's latest bailout from the International Monetary Fund are squeezing the middle class that helped carry it to power.

Rashid Mehmood owns a small shop selling children's clothing in Aabpara, the oldest market in the capital, Islamabad. He says he has faced a critical decline in sales over the past year, pointing to Khan's election last August.

The last six months had been "particularly harsh", he said.

"Do you see any customers coming into my store?" he asked as he stood in his empty shop, decorated with brightly coloured leggings and dresses. He said had not made a sale in a week.

In normal times, Mehmood's store serves the kind of middle-class shoppers who in recent years have been behind an import-led consumption splurge that propped up growth and helped hide the problems of an economy riddled with inefficiency and without a strong export base.

Fed by low interest rates, heavy borrowing and an over-valued rupee currency that, for a time at least, allowed imports to pour in, consumption gave an illusion of growth that has now been replaced by a severe economic hangover.

Like so many of its predecessors, Khan's government, which came to power vowing to root out corruption and create millions of jobs, has been

forced to turn to the IMF to prevent a balance-of-payments crisis as the money runs out.

Economic growth, which reached 5.5 percent in the fiscal year to June 2018, is expected to

hit hardest. But the squeeze on middle-income households poses a special challenge for Khan, who has enjoyed wide support among an urban middle class that has grown over the past two decades as poverty



REUTERS/FILE

A vendor waters the vegetables at a stall in Islamabad, Pakistan.

slow to 2.4 percent this financial year, according to IMF estimates, barely enough to keep pace with the growth in a population that now numbers 208 million.

The rupee has lost about a quarter of its value in a slide that has driven up fuel costs and helped push a relentless increase in prices for food and other necessities.

The central bank, which this week raised interest rates to 13.25 percent, expects inflation to average as much as 12 percent this year.

As ever, the poorest have been

levels have come down from two thirds of the population to about a quarter. Further along in Aabpara market, Abida Jahan has come with her family from Haripur town, a couple of hours drive away, after the food-processing factory her husband worked in was shut down. They are looking for a gift to celebrate their daughter's 13th birthday.

However, the surge in prices has meant that they will likely go home empty handed.

"This is the same government that promised to decrease oil prices

to 45 rupees," says Abida's husband, recalling that Khan's PTI party had promised to halve the price of fuel and build a new welfare state.

Pakistan's growing middle class has helped reshape its urban landscape, symbolizing a promise of upward mobility.

Shopping malls with foreign retail brands and fast-food franchises have proliferated in recent years, serving a middle class who "define themselves by what they can buy and where they can eat", says Ammara Maqsood, author of The New Pakistani Middle Class.

In the first decade of the century, economic growth fuelled by privatisation led families to a new prosperity marked by their ability to buy a motorbike, rent a home or send their children to private school.

Now businesses supplying consumers with everything from mobile phones to clothing, motorbikes and cars bought on hire purchase are feeling the squeeze.

"It's a multiple effect," said Fatima Azim, chief executive of Azim Motors, which has a joint venture with Japanese car maker Suzuki Motors supplying small cars and motorbikes to mainly lower-middle-class customers.

"Income has not increased at all so no matter what, if they are going to a shopping mall or wherever, they are being affected," she said.

The government has placed the blame squarely on the corruption of past governments, notably that of former Prime Minister Nawaz Sharif, who championed big infrastructure projects that spurred growth but drained currency reserves.



METAL

Sadid Jamil, managing director of agriculture mechanisation product marketer METAL, and Dong Yang Sheng, president of Forland, a subsidiary of China's Foton Motor Group, sign an agreement at Hotel Sarina on Wednesday for marketing Forland trucks in Bangladesh.

Canada is 'closest transatlantic partner' of EU, says Tusk

AFP, Montreal

Canadian Prime Minister Justin Trudeau launched the Canada-EU summit Wednesday by praising the "progress" resulting from CETA, their free trade deal, while European Council president Donald Tusk called Ottawa the bloc's "closest transatlantic partner." Their mutual praise contrasted with the strained ties between Europe and the United States under President Donald Trump and his protectionist administration.

"CETA goes far beyond lowering trade barriers and reaching new markets... With CETA, we're doing trade differently," Trudeau said at the start of the 17th summit.

The Comprehensive Economic and Trade Agreement (CETA) went into effect in practically its entirety in September 2017

and so far has been ratified by 13 of the 28 European Union member states and Canada.

The pact removes tariffs on nearly all goods and services between Canada and Europe, which the EU says eliminates 590 million euros (\$890 million Canadian/\$665 million) in customs duties each year. Since the accord came into effect, EU exports to Canada have risen 15 percent, a European official said.

Canadian exports to the EU rose seven percent in 2018 compared to the previous year to \$44.5 billion, according to Canadian government figures.

But the agreement is controversial: some environmentalists, social activists and free trade sceptics argue it gives too much power to corporations and does not give citizens a balancing right to take legal action if companies break the rules.



SINGER BANGLADESH

MHM Fairoz, managing director and CEO of Singer Bangladesh, inaugurates a Singer Plus outlet at Gorai, Mirzapur in Tangail recently.

Indonesia aims to start electric vehicle production in 2022

REUTERS, Jakarta

Indonesia is aiming to start producing electric vehicles (EVs) in 2022, a senior official at the Industry Ministry told Reuters on Thursday, after a number of companies disclosed plans to invest in the country.

Indonesia is pushing for the development of EV and battery production facilities to create a downstream industry for the country's rich supplies of nickel laterite ore, which is used in lithium batteries.

Companies such as Toyota Motor Corp and Hyundai have expressed interest in building EV plants in Indonesia, Southeast Asia's second-largest car production hub.

Toyota has committed to invest \$2 billion in Indonesia over the next five years, part of which will be used to produce EVs, Industry Minister Airlangga Hartarto, told reporters on Thursday.

"By 2022, production of electric-based vehicles should start," said Harjanto, director general of metal, machinery, transportation and electronics at the

Industry Ministry, adding that the government has targeted EVs to reach a 20% share of national car production by 2025. Speaking on the sidelines of Indonesia's largest car show, Harjanto said the government is finalising the revision of a luxury car tax scheme to encourage the production of cars with lower carbon emissions.

The government is also offering tax holidays for companies producing EV batteries in Indonesia.

"Recently there were a few battery companies which met the (industry) minister, but it is still an initial intention," Harjanto said, declining to name the companies.

"They see Indonesia has big potential to develop electric-based products due to the availability of raw material," he said.

Several companies are currently developing smelters with high pressure acid leach (HPAL) technology to produce battery chemicals in Indonesia, including China's Tsingshan Group.

UK faces recession warning as Brexit battle builds in parliament

REUTERS, London

Britain might be entering a full-blown recession that a no-deal exit from the European Union would compound, blowing a 30 billion-pound hole in the public finances, a budget watchdog said on Thursday.

As lawmakers prepared for a vote that could hinder any attempt by the next prime minister to pursue a no-deal Brexit, the Office for Budget Responsibility said the economy probably flat-lined or might have contracted in the second quarter.

Some of that weakness may have been payback after a rush to build up inventories before the original Brexit deadline in March.

"But surveys were particularly weak in June, suggesting that the pace of growth is likely to remain weak," the OBR said in a report on the outlook for the public finance.

"This raises the risk that the economy may be entering a full-blown recession," Britain's



AFP/FILE

A pedestrian walks past the Union and EU flags of anti-Brexit activists near the Houses of Parliament in London.

economy slowed by less than feared after the 2016 Brexit referendum. But many investors are worried about a sharp downturn now with the latest Brexit deadline approaching on Oct. 31 and the world economy slowing because of trade tensions.

A no-deal Brexit could cause the economy to contract by 2% by the end of 2020, the OBR said, referring to International Monetary Fund forecasts. It could also add 30 billion pounds (\$37.4 billion) a year to public borrowing by the 2020/21 financial year, the OBR said, more

than doubling the expected deficit.

The EU's chief Brexit negotiator, Michel Barnier, said in an interview to be published on Thursday that he was unimpressed by threats of no-deal Brexit, but that if the United Kingdom opted for such a course it would have to face the consequences.

Despite previous warnings of the damage that a no-deal Brexit could do to the economy, both contenders to become prime minister next week say they would leave the EU without a transition agreement to soften the shock, if necessary.

With a majority of Britain's lawmakers opposed to a disorderly exit, some have questioned whether Boris Johnson, favoured to replace Theresa May, would suspend parliament in order to deliver Brexit by the next deadline.

On Wednesday he refused to say whether he would go ahead with such a plan, but he did say it could be convenient for him.



BRAC BANK

Selim RF Hussain, managing director and CEO of Brac Bank, attends the launch of four new VISA credit cards at its head office in Dhaka on Tuesday.