

How China's US tariff jab choked a cherry import boom

REUTERS, Beijing

For public relations officer Rachel Li, paying top dollar for "beautiful" cherries imported from the United States was a no-brainer.

"I heard they are full of iron," said the Guangzhou-based 33-year-old, "eating them makes me feel healthy, luxurious." Or it did, until Beijing imposed sky-high tariffs on US cherries and importers took fright, leaving store shelves bereft and consumers like Li needing a different fruit fix.

Across China's metropolises, the appetite of a burgeoning middle class for expensively fresh US cherries has become a symbolic casualty of China's festering, tit-for-tat trade battle with the United States. A business that grew to nearly \$200 million in 2017 from zero in 2000 has now withered to little more than a tenth of its volume peak, customs data shows.

With import tariffs for US cherries set at 50%, Beijing has relaxed regulations allowing imports from Central Asia - a region that just happens to be central to President Xi Jinping's epic 'Belt and Road' infrastructure project, an intercontinental initiative worth hundreds of billions of dollars.

"It's an opportune time for China

to fiddle with the knobs and to do so in a way that builds economic ties and offers a new market for 'Belt and Road' partners," said Even Pay, senior agriculture analyst at Beijing-

calculations show, from zero a year earlier, while the US share of the cherry import pie shrank to 38% from nearly 80% in May 2018 - and a near monopoly in May 2017.



REUTERS/FILE

A worker sorts cherries at a logistics base in Zibo, China.

based advisory firm China Policy. China's Ministry of Commerce didn't immediately respond to a fax requesting comment.

May was the last month for which figures were available at the time of writing, typically the first big month in China's cherry import season. Supplies from Uzbekistan leapt to nearly half of the May total, Reuters'

But total cherry imports into China by volume have plummeted because of the collapse of US shipments: 187 tonnes in May 2019, versus 337 tonnes in May 2018 and 1,505 tonnes in May 2017.

Uzbek cherries sell at about 70-80 yuan per kilogram (kg) at retail level, according to four fruit traders, no more than half the 160 yuan

(\$23.28) per kg that Rachel Li said she happily remembers stumping up for her sweet US cherries.

No matter the price, though, the volumes now being shipped in are so small that Li said she hasn't seen imported cherries for weeks. A search by Reuters for US cherries at a supermarket and smaller groceries in downtown Shanghai on a recent weekday came up empty-handed.

For Victor Wang, the China representative of US Northwest Cherry Growers, it's now a case of trying keep head above water.

Wang said it took 17 years of marketing and government lobbying to help make US cherries some of the most coveted fruits in China - at one stage his suppliers were even exporting more to China than across the border to Canada. But that all changed in 2018, when two rounds of Chinese tariff hikes added 40 percentage points to import charges.

"With such exorbitant costs after the tariff hikes, and impact of a strengthening dollar, it's impossible to develop the market - we are at best maintaining it for now," said Wang.

Making life harder, Wang said, is the fact that the association has also struggled to advertise the US fruit this year.



STANCHART

Alamgir Morshed, head of commercial banking at Standard Chartered Bangladesh, and Sabbir Ahmed, head of retail banking, receive a "Best Bank in Bangladesh" award at Euromoney Country Awards for Excellence 2019 organised by English monthly Euromoney in Hong Kong recently.

Toshiba Memory sees 'good chance' of M&A in push for data centre business

REUTERS, Tokyo

Japan's Toshiba Memory said there was a "good chance" for acquisitions as it pushes to increase its share of the market for advanced storage products used in data centres.

Toshiba Memory is the world's No.2 maker of NAND flash memory chips after Samsung Electronics, but ranks third after Intel in flash-based solid state drives typically used in data centres, according to

researcher IHS.

"One of the critical areas where we are focused on is the cloud service providers, data centre players," Toshiba Memory Chairman Stacy Smith told Reuters. "We are very focused on growing our share in that space."

"There is a good chance that Toshiba Memory will embark on M&A over time," added Smith, former Intel Corp financial chief who joined the Japanese firm in October.



BANK ASIA

Md Arfan Ali, president and managing director of Bank Asia, and Sharawwat Islam, managing director of Truvalu Enterprises, exchange signed documents of a deal at the bank's corporate office in Dhaka recently facilitating equity, working capital and other developmental support for agro-based SME entrepreneurs.



ORION

Golam Dastagir Gazi, textiles and jute minister; Mirza Azam, chairman of the parliamentary standing committee on textiles and jute ministry; Md Abul Kalam Azad, principal coordinator (SDGs) at Prime Minister's Office; Brig Gen Muhammad Quamruzzaman, chairman of Bangladesh Textile Mill Corporation (BTMC), and Salman Obaidul karim, managing director of Orion Quaderia Textile, attend a deal signing ceremony at the Radisson hotel in Dhaka on Sunday. The BTMC's Quaderia Textiles Mill in Tongi will be operated via public-private partnership by Orion Quaderia Textiles.

SpiceJet to connect Dhaka with Mumbai, Delhi

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The flight will leave Dhaka at 11:30am and land in Delhi's Indira Gandhi International Airport at two-and-a-half hours later at 1:30pm.

From Delhi the flight would depart at 7:40am and arrive in Dhaka at 10:30am.

A round trip would cost about Tk 23,000, which is again half that on Jet Airways.

SpiceJet, which already operates two daily flights between Dhaka and Kolkata, will deploy a 168-seater Boeing 737-800 aircraft on the routes and the fare is inclusive of 20kg check-in baggage.

Following Jet's flight suspension, Biman Bangladesh Airlines resumed direct flight operations between Dhaka and Delhi after a five-year gap in May.

The national flag carrier is running thrice-a-week direct flights on the route.

In fiscal 2017-18, Bangladesh's exports to India stood at \$873.27 million and its imports from the neighbouring country amounted to \$8.62 billion, according to data from the Bangladesh Bank.

Founded in 2004, SpiceJet is the second largest airline in India by the number of domestic passengers carried, with a market share of 13.6 percent as of March 2019.

Exporters get a boost

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"With this, Bangladesh's export simplification takes another step forward," Munshi said.

Bangladesh has been enjoying the GSP facility since 1971 under the EU's "Everything but Arms" scheme.

The transition period from the current system of origin certification to the Rex system started for Bangladesh on January 1 this year and will last until December 31 this year, according to the European Commission website.

Exporters will have to apply to become registered exporters by filling in an application form and by returning it to the EPB.

According to the commerce ministry statement, the new system was introduced in line with the rules of the World Trade Organisation.

Local exporters have long been demanding the introduction of the Rex system.

Under the new system, exporters will bear all the responsibilities for the exports, while the EPB will supervise it.

The Rex system will progressively and completely replace the current system of origin certification based on certificates of origin issued by government authorities and on invoice declarations made out under certain conditions by economic operators.

Form cells to monitor large default loans

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The management will draw up a time-befitting work plan to speed up the recovery of default loans. If required, the board will give instructions to the management.

Default loans at banks stood at Tk 110,874 crore as of March this year, up 25.15 percent year-on-year.

NPL at state banks didn't rise: Kamal

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During the meeting, they reviewed the overall financial situation of the banks and found that they are in good shape. All the state banks have lowered the interest rate to single digit, the minister said, adding that he would sit with the private banks on the issue.

The meeting also decided to enhance communication with borrowers in order to bring down the default loan rate further.

"If borrowers become defaulters because of logical causes, they will be given a scope. But if anybody borrows money from banks through unfair means, actions will be taken against them as per laws," Kamal said the government has taken steps against many people and some of them have been put in jail.

Many willful defaulters who took loans from Janata and formerly Farmers Bank (now Padma Bank) are now in prison, he said.

"Even family members were sent to jail. We will spare nobody."

India set for record edible oil imports

REUTERS, Mumbai

India's edible oil imports are likely to rise 7.3 percent in 2019/20 to a record high as weak monsoon rains curtail yields of summer-sown oilseeds such as soybeans and groundnut, a senior industry official said.

Higher purchases by the world's biggest edible oil importer could support palm oil prices that are under pressure due to sluggish demand amid an expected rise in production.

"Rainfall was scanty over oilseed-growing areas. It will reduce yields of groundnut, soybeans and cotton," said Govindbhai Patel, managing director of trading firm G.G. Patel & Nikhil Research Company.

The shortfall in oilseed production will force India to import as much as 16.1 million tonnes of edible oils in the new marketing year starting from Nov.1, up from this year's estimated 15 million tonnes, said Patel, who has been trading edible oil for over four decades.

India imports more than two-thirds of its edible oil needs, up from a third two decades ago, as local output has failed to match growing demand in Asia's third biggest economy.

Palm oil accounts for around two-thirds of total imports.

India's monsoon rains to date have been 18 percent below average since the season began on June 1, although rains in some oilseed-growing regions such as Vidarbha

in the western state of Maharashtra have been 37 percent below average, according to data compiled by the India Meteorological Department (IMD).

Rains in the western state of Gujarat, the biggest producer of groundnut and cotton, have been down 46 percent so far in the current monsoon season, hurting crop growth, Patel said.

"The damage could be restricted if there is rainfall in the next few days," he said, adding that soybean yields could fall by 20 percent and groundnut yields by 30 percent due to the dry spell in the past few weeks.

As the drop in summer oilseeds output becomes more certain, Indian refiners will start raising edible oil imports in the coming months, especially for festivals, Patel said.

Monthly edible oil imports could rise to 1.3 million tonnes in the coming months, up from the June quarter average of 1.15 million tonnes, he said.

India primarily imports palm oil from Indonesia and Malaysia and soyoil from Argentina and Brazil. It also buys sunflower oil from Ukraine and canola oil from Canada.

In the current marketing year ending on October 31, India's palm oil imports could jump 10.3 percent from the previous year to 9.6 million tonnes, Patel said.

The country could import 2.4 million tonnes of sunflower oil and 3 million tonnes of soyoil in the current marketing year, he added.

Stocks sink to 31-month low

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"This high level of trading activity amid deteriorating index proves that panic-driven investors are dumping their holdings to avoid further losses," said UCB capital, one of the leading brokerage houses, said in its market analysis.

Turnover of the premier bourse spiralled 25.91 percent to Tk 464.18 crore yesterday.

The impending liquidation of People's Leasing and Financial Services, Gramenphone's regulatory issues and fund shortage in banks continued to take a toll on investor confidence, it added.

A top official of a leading merchant bank said the investors are fearing the index would sink further, so they are washing off their portfolio.

They are keeping the cash in hand from selling their stocks so that they can buy shares at the lower level.

"Such a tendency caused the market to fall," he added.

Meanwhile, retail investors demonstrated in front of the DSE building yesterday to protest the continuous slide of the DSEX. Of the traded issues, 60 advanced, 277 declined and 16 remained unchanged.

Fortune Shoes dominated the turnover chart with its transaction of 54.37 lakh shares worth Tk 20.094 crore, followed by Square Pharmaceuticals, United Power Generation and Federal Insurance.

First Finance was the day's best performer with its 10 percent gain, while Emerald Oil was the worst loser, shedding 10 percent. Chittagong stocks also fell with the bourse's benchmark index, CSCX, declining 115.72 points, or 1.23 percent, to finish the day at 9,257.53.

Losers beat gainers as 216 declined and 48 advanced, while 22 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded 88.25 lakh shares and mutual fund units worth Tk 21.17 crore.

Get VAT registration irrespective of turnover

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The directive came due to the tendency of a section of businesses to claim turnovers lower than the actual figures to evade VAT.

For instance, 1951 firms, which were registered earlier under the VAT law 1991, claimed annual turnovers lower than Tk 50 lakh, the VAT exemption limit declared by the government to support and protect small and marginal business under the new law. More than 300 firms claimed turnovers below Tk 3 crore to avoid paying VAT at regular rates applied on goods and services, said officials.

"We took the decision when we saw that the number of VAT registration was falling," said a senior NBR official.

The directive of mandatory registration irrespective of turnover will also allow the revenue collector to ascertain turnovers of individual businesses based on sales and see whose annual sales are below the exemption threshold.

As a result, the extent of disputes regarding turnover will remain low between revenue officials and businesses, said officials. In its order, the NBR directed operators of 78 types of services including shops, shopping malls, hotels, restaurants, construction firms and developers, internet service providers, sweets stores, ridesharing services and e-commerce firms to get VAT registration immediately.

The NBR said the order has been effective from July 1.



UJJWALA

Tasmiah Tabassum Rahman, head of programme for skills development at Brac; Aditya Shome, chairman of Ujjwala, and Afroza Parveen, managing director, attend a deal signing ceremony in Dhaka on Sunday to provide women advanced training on beauty and grooming.