



Subrata Ranjan Das, executive director of ACI Motors, the authorised distributor of Yamaha motorcycles in Bangladesh, attends the launch of a MotoGp edition Yamaha R15 motorcycle and a Street Rally scooter with unified braking systems at ACI Centre in Dhaka on August 24.

Global appetite for beef, soy fuels Amazon fires

AFP, Rio De Janeiro

Two of the industries involved in the infernos consuming the Amazon rainforest and drawing the attention of global powers gathered at the G7 meeting in France are familiar to diners worldwide: soy and beef.

Brazil is the world's largest exporter of beef, with a record 1.64 million tons sent to its top markets China, Egypt and the European Union in 2018, according to the Brazilian Beef Exporters Association.

The country has seen its production surge over the past two decades, with exports measured in both weight and value increasing by 10 times between 1997 and 2016, led by three behemoth companies: JBS, Minerva and Marfrig.

All this growth has come at the expense of the Amazon.

"Extensive cattle farming is the main driver of deforestation in the Amazon, with just over 65 percent of deforested land in the Amazon now being grazed," according to Romulo Batista, a researcher at Greenpeace.

Soybeans, a major cash crop for Brazil, were also once a major contributor to deforestation. The crop saw a dramatic rise

in cultivation in the 1970s, fueled by the migration of farmers, the development of new cultivation techniques and the use of pesticides.

Brazil exported a record 83.3 million tons of the crop in 2018, up 22.2 percent from 2017, according to Brazil's economy ministry. The country is the top supplier of soybeans to the United States, but sends the most overall to China.

Brazilian soybean exports to China jumped nearly 30 percent last year thanks to the trade dispute with Washington that pushed Beijing to look for other sources of the crop it uses to feed cattle.

About 6.5 percent of the deforested area in the Amazon is used for agriculture, but the contribution of soybeans to that has decreased over time. A moratorium on buying soy from newly deforested areas came into force in 2006, and "less than two percent of the soya planted in the Amazon comes from deforested areas since 2008," Batista said.

However, other forests in Brazil such as the Cerrado are being cleared for soybean cultivation. In June, Greenpeace denounced Europe's "addiction" to Brazilian soy used for pig and poultry farms.

German finance minister backs plans for wealth tax

REUTERS, Frankfurt

German Finance Minister Olaf Scholz is backing plans for a wealth tax his Social Democrats (SPD) plan to introduce, the online edition of business daily Handelsblatt reported on Sunday.

Leading members of the SPD, junior partners in the ruling coalition, will meet on Monday to discuss plans to reintroduce the tax, which have developed in a working group led by Thorsten Schaefer-Guembel, who heads the SPD in Hesse state.

The plans forecast revenues nationwide of up to 10 billion euros (£9.08 billion).

"I have closely worked with the SPD working group and I'm supporting the result to follow the Swiss model," Scholz, running for leadership of the SPD, was quoted as saying.

Switzerland is one of a small number of developed economies that still impose a wealth tax, which is charged on cash, securities, real estate, cars and art.

Andreas Jung, vice chair of the conservative benches in parliament, said Chancellor Angela Merkel's conservative Christian Democratic Union (CDU) was opposed to the move, Handelsblatt reported.

Scholz's comments come shortly after the government agreed to exempt most taxpayers from the solidarity tax that was introduced after the country's reunification.

Merkel's government has incurred no new debt since 2014 thanks to an unusually long growth cycle, record-high employment, robust tax revenues and low interest rates.

A senior government official told Reuters earlier this month that Germany is considering ditching its long-cherished balanced budget policy to help finance a costly climate protection programme with new debt.

Xiaomi banks on phone data for finance play in India

REUTERS, Jakarta/Mumbai

China's Xiaomi is poised to launch a consumer lending business in India in the coming weeks, making an ambitious tilt at the booming financial services market where data privacy concerns and fierce competition present formidable challenges.

The stakes are high for the world's fourth largest mobile phone vendor, whose business model relies on low-margin hardware sales with services as a key long-term profit centre. The company reported disappointing second-quarter earnings on Tuesday and its shares are trading at slightly over half their 2018 IPO price.

Xiaomi is betting it can leverage its number one position in India's smartphone market to tap into the country's lucrative but crowded financial services sector. Yet, the mounting public concern over data privacy, which has forced tech giants like Google and Facebook to change the way they do business, could make it a bumpy road for the Chinese firm.

Indeed, Xiaomi's approach to data collection and privacy has raised eyebrows among some of those familiar with its international expansion plans. The company remains a small player in financial services in its home country, according to documents seen by Reuters.

Xiaomi faces ferocious competition across Asia from banks, global tech giants, fintech startups and others who are scrambling for position in the region's booming digital economy.

In Indonesia, another key market, Xiaomi's financial unit had to shut down in late 2018 due to a disagreement with regulators over licensing.



REUTERS/FILE

Customers inspect smartphones made by Xiaomi at a Mi store in Gurgaon, India.

A source familiar with Xiaomi's India efforts said the company was doing well there with its first offering, a payment app called Mi Pay that launched in March.

"They seem to be following the market leaders, Apple and Google, where a smartphone eventually will become more than a phone and more of a financial play," the source told Reuters.

Xiaomi's new Mi Credit service in India, offering loans of up to 100,000 rupees (\$1,451) with interest rates starting at 1.8 percent, is scheduled to debut in the coming weeks. The Xiaomi spokesman told Reuters that Mi Credit was operating in "beta phase" but declined to share details.

India is Xiaomi's largest market outside

China, and it boasts an installed base of some 70 million phones there, according to market researcher Counterpoint.

Xiaomi's fintech revenues rose 62.7 percent year-on-year to 112 million (RMB 792 million) for the second quarter, the company reported Tuesday, with a focus on "consumer loans and supply chain financing."

Xiaomi uses data from phone activity to create credit profiles based on a customer's "identity, life stage, lifestyle, social relationships, and brand loyalty," according to documents seen by Reuters.

The privacy issue has spooked at least one potential bank partner in Indonesia, Xiaomi's second-largest overseas market after India, which backed away from a deal

in part because of concerns about invasive data collection, a senior executive at the bank told Reuters.

Consumers who apply for the services in India sign broad agreements consenting to share their personal data with Xiaomi, including everything from "professional and educational backgrounds" to "temporary messages history" and information related to "use of certain apps and websites."

The agreement also includes a disclosure that Xiaomi may share "personal information from time to time to Xiaomi affiliated companies...or third party service providers."

The banker in Indonesia told Reuters a presentation he saw showed the company scans phone owners' private data for mentions of lifestyle changes, such as a divorce or a promotion, as part of its approach to credit scoring.

Apar Gupta, executive director at advocacy group Internet Freedom Foundation, said a lack of data privacy laws and regulations in India left users vulnerable.

"The risks include information collection which goes beyond the reasonable contemplation of a user," Gupta said. "If they do not have adequate notice of what information is being gathered they have no meaningful way of knowing what they are bartering away in order to get a loan."

A Xiaomi spokesman told Reuters "user privacy and data protection is of utmost importance to us," and the firm had a "strong data protection agreement" in place with its lending partners in India.

Moreover, privacy concerns may not be top of mind for Xiaomi phone owners, many of whom are drawn by the relatively bargain prices of the hardware.



Md Anwarul Azim Arif, chairman of Social Islami Bank, opens a banking booth at Dhamairhat of Chattogram's Rangunia upazila yesterday. Quazi Osman Ali, CEO, was present.



Rahel Ahmed, CEO of Prime Bank, and Matiur Rahman, chairman of Utara Motors, attend a deal signing ceremony at the former's head office in Dhaka recently offering motorcycle and car financing.

Fed's commitment to act upstaged by Trump's furor

REUTERS, Jackson Hole, Wyoming

Federal Reserve Chair Jerome Powell said the central bank would "act as appropriate" to keep the US economy healthy in a deteriorating global economy, but stopped short of committing to rapid-fire rate cuts and drew fire from President Donald Trump.

Powell had barely completed a key Friday morning speech when Trump ratcheted up his war of words against both the Fed chair he appointed, and with China, which earlier on Friday had retaliated to US tariffs with its own import taxes on American crude oil, agricultural products and small aircraft.

The rapid escalation, which tanked stock markets and drove bond yields lower even before Trump raised the ante with additional tariffs on China, could force the Fed to cut rates to keep the 10-year expansion under way.

Indeed, data reported as Powell was speaking on Friday showed further deterioration in the US housing market, on the heels of figures earlier in the week showing

weakness in the manufacturing sector. But the message from both Powell and his second in command, vice chair Richard Clarida, was that while the Fed may be willing to cut to protect the recovery, it made no promises.

"We take our policy decisions one meeting at a time," Clarida said late Friday afternoon, after Wall Street trading had closed with key indexes down from 2 percent to 3 percent. The Fed cut rates for the first time in more than a decade last month, backing Powell's verbal commitment to sustain the expansion with action. Powell on Friday made clear that commitment is still in place in a speech he gave at an annual Fed retreat at a Jackson Hole valley resort set against the Grand Teton mountains.

He said there are "significant" risks to the economy, including the trade dispute, the chaotic British exit from the European Union, tension in Hong Kong and signs of a global economic slowdown.

But he also said the domestic US economy is in a "favorable place" now and he stressed limits to the

Fed's ability to respond to the trade issues. He also said officials need to "look through" short-term turbulence, and stopped short of endorsing or signaling the pace and depth of rate cuts markets widely expect and that Trump has



AFP/FILE

US President Donald Trump walks with Jerome Powell, Federal Reserve chairman, at the White House in Washington.

demand. There are "no recent precedents to guide any policy response to the current situation," Powell said, adding that monetary policy "cannot provide a settled rulebook for international trade."

The US president fumed about

the Fed doing "NOTHING" in a series of tweets and asked who is "our bigger enemy" between Powell and China's President Xi Jinping. Markets swung when he added that "our great American companies are hereby ordered to immediately start looking for an alternative to China."

Global stock markets fell, with the US S&P 500 index closing down more than 2 percent. US benchmark Treasury yields fell to their lowest level in a week and the dollar declined broadly.

Later on Friday Trump announced he was raising tariff rates on a range of Chinese goods by an additional five percentage points. Fed officials say tariffs and trade tension are causing businesses to put off spending.

"It's pretty clear to me that Powell was sending a message that if you are so concerned about the economy, lowering rates is not going to help you," said Craig Bishop, lead strategist of the fixed income group at RBC Wealth Management. "You need to do something about trade. That's not a message Trump gets."

UK gov't planning fuel duty cut in emergency budget

REUTERS, London

The British government is planning to cut fuel duty for the first time in eight years in a possible emergency October budget, the Sunday Times newspaper reported.

Prime Minister Boris Johnson, who took office last month, has pledged to take Britain out of the European Union at the end of October with or without an exit deal.

Johnson's government have already set out a range of new policies seen by many as laying the groundwork for an early election. His Conservative Party, which does not have a majority in parliament, has also seen a bounce in its poll ratings, fuelling speculation he could go the country this year.

The Sunday Times said Johnson's team were working on an emergency budget for October, which would include a fuel duty cut. It has also war-gamed holding an election on October 17, the paper said.

Asked about the fuel duty cut, transport minister Grant Shapps told Sky News it was a question for finance minister Sajid Javid. The government is focussed on its number one priority of delivering Brexit on October 31, he added.