Kristalina Georgieva named managing director of IMF

AFP, *Washington*

The International Monetary Fund on Wednesday formally selected Kristalina Georgieva of Bulgaria to be only the second woman ever to lead the 189-member institution.

The selection had been all but guaranteed after the global crisis lender said earlier this month that Georgieva, a former World Bank CEO, was the sole candidate.

In acknowledging her selection, Georgieva spoke of tempestuous times for the global economy.

"It is a huge responsibility to be at the helm of the IMF at a time when global economic growth continues to disappoint, trade tensions persist, and debt is at historically high levels," she said in a statement.

Kristalina Georgieva

"This means also dealing with issues like inequalities, climate risks and rapid technological change." She is to take up her position as managing director on October 1, replacing Christine Lagarde, who is set to take over the European Central Bank later this year.

Georgieva's rise perpetuates Europe's long-standing control over the designation of the fund's leadership.

She inherits the helm of an institution buffeted by the rise of populism in advanced economies and escalating trade conflicts -- the largest of which has been driven by the United States, the fund's single biggest shareholder.

Georgieva, who was championed by Paris, overcame a challenge within the divided European Union from Germany which had backed former Dutch Finance Minister Jeroen Dijsselbloem.

Under an unwritten rule, a European has led the IMF since its creation in the aftermath of World War II while the leader of the fund's sister organization, the World Bank, has been designated by Washington.

Samsung to offer financing to help boost India smartphone sales

REUTERS, *Mumbai*

Samsung Electronics is to provide finance to potential smartphone buyers, a company executive said on Thursday, in a bid to boost smartphone sales in India where it faces fierce competition from rivals such as China's Xiaomi.

The financing product, for which Samsung has tied up with a local shadow banking firm, will help the South Korean tech group offer quick and easy loans to all prospective smartphone customers, Mohandeep Singh, Samsung India's senior vice president for mobile business told Reuters in a telephone interview.

"We are giving finance to consumers who have not been served consumer finance in the past," Singh said. He said the company would launch the product in 5,000 stores in 30 cities, and by the end of the year it wants to be in 10,000 stores in 100 cities.

Unlike Western markets, where smartphones are often tied to telecom company contracts, the bulk of phones in India are sold by retailers, with customers choosing wireless carriers and mobile plans on their own.

With more than a billion wireless connections and just about 450 million smartphones, India is a key growth market for companies such as Samsung, which sells its devices through 180,000 retail outlets and more than 2,000 exclusive stores.

Other smartphone players offer similar schemes through tie-ups with finance firms, but for Samsung having its own loan product will likely help to drive sales.

Amazon.com's India business and home-grown rival Flipkart offer instalment plans on debit and credit cards, but in India millions still do not have access to plastic money.

Samsung will initially offer an interest free loan to customers across its smartphone range, Singh said, adding that financing terms such as interest could vary in future.

Samsung, once the leader in India's smartphone market, has faced fierce competition from rivals such as China's Xiaomi, Oppo and Vivo which have launched low-cost devices with competitive specs and used the glitz of Bollywood and cricket to sell them.

Seoul-headquartered Samsung has responded with launch of budget devices and become savvier with online marketing to millennials to claw back lost market share.

REUTERS/FILE

A customer prays inside a Samsung showroom in New Delhi, India.

Md Nurul Islam

AmCham re-elects president

STAR BUSINESS DESK

The American Chamber of Commerce in Bangladesh (AmCham) yesterday re-elected Md Nurul Islam as president for 2019-20.

Aftab ul Islam, chairperson of the election board for AmCham Executive Committee for 2019-2020, declared the election results at its 23rd annual general meeting at its Dhaka office.

Md Nurul Islam is the chairman of American Life Insurance Company for Bangladesh, Nepal and Myanmar.

The chamber elected Syed Mohammad Kamal, MasterCard country manager for Bangladesh, as vice president and Md Shafiqul Azim, general manager for R-Pac (Bangladesh) Ltd, as treasurer.

The other elected members are Syed Ershad Ahmed, Showkat Ali Sarkar, N Rajashekaran and Mirza Shajib Raihan.

Alternative credit scoring to cut cost of funds for small businesses

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The startup is collaborating with Brac and Brac Bank to provide the credit.

"Successful execution of this initiative will unlock access to credit for millions of small retailers who currently are financially excluded," Zaman said.

Khalid Hossin, head of business of the Credit Rating Agency of Bangladesh, said traditional credit scoring model has several challenges, including poor and outdated data and slow process of scoring.

"However, the ACS can be a good solution here," he said. The method uses credit histories and other characteristics of applicants to automatically approve credit lines.

Shams Azad, chief operating officer at Brac Microfinance, said young entrepreneurs who have no access to finance benefit from the ACS.

"We also can tap into new customers thanks to the initiative," he said.

Afsana Islam, private sector development adviser of the Department for International Development of the UK, said the ACS would help new customers borrow.

Mahbubur Rahman, deputy challenge fund manager of the BFP-B, said the entire loan disbursement process takes 15 to 40 days now, but it can be brought down to one or two days. "So, it has immense potential."

Ananya Wahid Kader, senior financial sector specialist of World Bank, Akond Md Rafiqul Islam, senior general manager of Palli Karma-Sahayak Foundation, Arup Haider, head of retail banking of City Bank, Gazi Yar Mohammed, head of mobile financial services and agent banking of One Bank, Rajesh Kumar Barua, head of retail underwriting of Brac Bank, and Munawar Reza Khan, executive director of Manabik Shahajya Sangstha, also spoke at the event.

Only export-oriented factories eligible: NBR

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The official said VAT exemption had been provided to fully export-oriented factories in the past. The benefit is also given under the VAT and Supplementary Duty Act 2012 that became effective from July.

"We have defined the methods on how the exemption would be provided," said the official.

In its order, the NBR said companies would have to submit proceed realisation certificates as proof of receipts from shipment along with VAT return.

Volkswagen gambles on ride-hailing to break through African roadblocks

REUTERS, *Johannesburg/Kigali*

When Volkswagen's Africa boss Thomas Schaefer set out to conquer the continent, he quickly realized he needed more than a flashy new product. He needed a new business model.

Study after study showed the same thing: there was no demand for new cars. Low purchasing power and a lack of financing put them out of the reach of most Africans, while competition from used imports gave buyers a cheaper alternative.

So Schaefer is placing a $50 million bet on a new business built around ride-hailing and car-sharing. And VW (VOWG_p.DE) is using Rwanda – a small central African nation with a growing reputation for innovation – as its laboratory. "It was almost an industrial experiment," Schaefer told Reuters.

The German carmaker's project was launched with some fanfare last December in the capital Kigali but since then scant information has been disclosed about how it has progressed.

VW told Reuters the app for its "Move" ride-service now had over 23,000 registered users in Kigali. However only around 2,200 of those are active users - a fairly modest uptake so far in the city of 850,000 people.

In July, the ride-hailing service averaged 384 rides per day, a figure VW said it wanted to double.

It may be a longshot but, if successful, the Rwandan gamble could help plot a future course for Volkswagen, and others, in Africa's challenging auto sector by securing a foothold in the region's rapidly growing ride-hailing space.

Industry experts are divided on the merits of the plan, with some questioning whether VW can compete with the likes of Uber (UBER.N) and Bolt in Africa or, in light of those companies' losses, if it should even try.

While VW sees Kigali is an ideal test ground, offering a data sample that's statistically significant at a reasonable cost, critics say the city - where Uber and Bolt are absent - is not an accurate gauge of conditions in bigger markets.

Schaefer cautioned that the experiment was still in its early stages, adding he'd like to give the business model a two-year test run before assessing it. "Luckily our headquarters leaves us alone. They just say, do what you need to do."

And though it hasn't yet set a timeframe, Volkswagen told Reuters it was already looking to Ghana in West Africa and Ethiopia, a rapidly reforming market of some 100 million people, as initial targets for an expansion of its mobility business.

Global automakers like VW, Nissan, Toyota, Honda and Peugeot, are waking up to the potential in Africa, where incomes and consumer aspirations are rising.

But the region accounted for less than 1 percent of global new passenger car sales last year, making it hard to justify investing in local manufacturing and assembly.

VW's ride-hailing cars are assembled in Kigali at a new $20 million plant that also produces vehicles for the relatively few customers able to afford a brand new Polo, Passat or Teramont.

REUTERS

Rwandan Joseline Iradukunda sits inside her "Move" app-driven ride-hailing service Volkswagen Polo in Kigali, Rwanda on September 23.

Foreign meat finding niche in local market

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But the soaring imports is a matter of grave concern for the stakeholders of the budding sector.

Many locals started to rear cattle or expand their farming to feed the demand for red meat following the ban on cattle exports by the neighbouring country, a major meat supplier for Bangladesh.

As a result, the country attained self-sufficiency in meat production, according to the Department of Livestock Services (DLS).

At this stage, increasing meat imports would hamper the growth of the sector, said DLS, adding that nearly 2 crore people are directly and indirectly involved with the sector.

"We have always been discouraging meat imports. As we are self-sufficient in meat for our national demand, we do not think there is a need for import," said Hiresh Ranjan Bhowmik, director general (DG) of DLS.

DLS estimates meat production was 75.14 lakh tonnes in 2018-19, which is higher than its estimate of the demand for meat for the year. The demand for meat was estimated at 72.97 lakh tonnes. "We are not in favour of imports as we want to protect our local industry."

At the same time, there is also a risk of entry of trans-boundary disease through imported meat, Bhowmik said.

The DLS earlier requested the commerce ministry to make it mandatory for meat and meat product importers to take its no-objection certificates.

On September 12, the ministry of fisheries and livestock wrote to the commerce ministry to restrict the import of frozen and meat products from Brazil and other countries.

Bhowmik said the prices of beef and other livestock products including eggs are less than the prices of fishes.

However, Ahamed of HMIAB said beef remains inaccessible to low-income people for its high prices.

"Bangladesh is one of the lowest meat consuming countries in the world. Prices would have been corrected if there is enough supply," he added.

The prices of locally farmed cattle and thus beef would decline by 20-25 percent if the government provides support, said Shah Emran, general secretary of the Bangladesh Dairy Farmers' Association.

Steps should be taken to curb syndicated attempt of feed producers to increase the price of feeds.

He also demanded a cut in electricity tariff for dairy farms, low-cost loans to grow fodder and the easing of procedure to import embryo to increase cattle yield and reduce production costs.

Golden Harvest stocks jump on news of JV with IFC

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It will also benefit export-import activities and the economy as a whole.

Meanwhile, Dhaka stocks bounced back yesterday after a slide of two days.

The DSEX, the benchmark index of the Dhaka Stock Exchange, rose 16.73 points, or 0.33 percent, to close at 4,968.46.

Turnover, another important indicator of the market, jumped 3.2 percent to Tk 411.73 crore.

Monno Ceramic topped the gainers' list with a rise of 9.95 percent, followed by Golden Harvest, Sonar Bangla Insurance, Bank Asia, and Eastern Cables.

National Tubes was the most-traded stock with a turnover of Tk 15.27 crore, followed by Grameenphone, National Polymer, Singer Bangladesh and Fortune Shoes.

RMG exporters in a fix as US buyer rejects $2.6m cargo

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"As a result of the fire, delivery of the apparel was delayed by nearly six months, an entire season too late," he said in a statement.

"This was a very unfortunate incident for everyone involved," Deitz said, refuting claims made by Nassa Group.

He said Kontoor's contract terms with its vendors clearly stipulate that the vendor bears all risk of loss of the goods until the goods reach the destination terminal and transfer of the title of goods to Kontoor takes place.

He said many of the vendors involved with the shipment did have the necessary insurance, while others chose not to protect themselves from the potential risk of loss.

"And while we understand the concerns of the vendors now affected by their choice not to protect themselves through risk-of-loss insurance, we are properly abiding by governing law and previously agreed upon contracts."

"We can report that we have taken some actions to assist the affected uninsured vendors as they continue to produce goods on our behalf," Deitz said.

Such assistance includes paying demurrage fees, costs to loss adjustors to prevent the goods from becoming abandoned, and return-to-origin transportation fees on behalf of the vendors to limit their further losses.

Fees will be collected for these costs in due time, according to the statement.

Deitz said Kontoor is helping to arrange for the now distressed goods to be sold through other channels to mitigate the losses for these affected vendors.

Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the fire incident at the vessel was beyond the control of the vendor.

But the goods under question were unaffected and therefore there was no cause for initiating an action for an insurance claim.

She said the vessel owners declared general average (GA) and everyone in the trade understood its implications that the voyage will have been frustrated and therefore, the vessel and its cargoes will face considerable delays to relay the goods to final destinations.

She said the goods were relayed once the freight and the GA contributions were paid directly by Kontoor Brands, and the vendors were confirmed of the release of the payments.

This clearly demonstrates that the intent was for the goods to have been received or accepted by them, Huq said.

So, the unilateral and arbitrary change of mind by Kontoor to refuse to accept the goods while on way to the final destination is totally beyond moral justifications and unfair, she said.

Huq said the vendors are out of pockets with the costs of the goods and the non-payment will severely affect the sustainability of some of these companies.

"The return of the goods to the shippers is definitely considered a breach of trust and against the fundamentals of ethical and responsible sourcing."