

Record US tariff award over Airbus aid could fuel trade tensions

REUTERS, Brussels/Paris

Transatlantic trade ties face renewed disruption this week when global arbiters are expected to grant the United States a record award allowing it to hit European imports with billions of dollars of tariffs in a long-running aircraft subsidy dispute.

The World Trade Organization (WTO) has found that both European planemaker Airbus and its US rival Boeing received billions of dollars of illegal subsidies in a pair of cases that have run for 15 years.

Both sides have threatened tariffs after the Geneva body found neither adhered fully to its findings. However, the United States has a head start, with the European Union having to wait until early in 2020 to hear what level of retaliation it can exact over Boeing. The WTO is expected this week to reveal the amount of EU goods the United States can target. People familiar with the case say the three-person tribunal is expected to award it around \$7.5 billion, a record for the 24-year-old watchdog.

Such retaliation rights are rarely granted by the WTO - most parties reach settlements - and in many cases complainants do not exercise their rights. The United States though has indicated it will target EU goods to the fullest extent.

It has already published a \$25 billion list from which it will pick items to target from aircraft and aerospace parts to wine, cheese and luxury goods. The WTO award in the world's largest corporate trade dispute could fuel already strained trade tensions, diplomats say.

EU manufacturers are already facing US tariffs on steel and aluminum and a threat from US President Donald Trump to penalize EU cars and car parts. The EU has in turn retaliated. Trade talks between the two, designed to ease tensions and ward off the threat of a tit-for-tat tariff war, have not gone well. The two sides have made some progress on regulatory cooperation, but a proposed deal to reduce duties is stuck, with Washington saying agriculture should be included and Brussels insisting it

cannot.

The Trump administration has concluded that tariffs were effective in bringing China to the negotiating table over trade, and in convincing Japan to open its agricultural market to US products. Washington is unlikely to skip the opportunity to implement tariffs in the case over aircraft subsidies, according to current and former US officials.

Some US airlines have urged the administration not to go ahead with the tariffs, saying they could lead to layoffs. The parties could still theoretically resolve the issue and stave off sanctions, but both sides accuse the other of failing to respond to invitations to reach a negotiated settlement.

US officials say the decision about next steps will be up to US President Trump. The EU cannot retaliate immediately to any tariffs as it did following the US imposition of metal tariffs in 2018.

It can either wait until a pronouncement in the parallel Boeing case or possibly revive an existing right to hit \$4 billion of US imports in a WTO dispute over US tax breaks for exports, even though the two sides settled in 2006. Such a move would likely be strongly contested by Washington.

EU trade chief Cecilia Malmstrom has urged Washington to hold off sanctions and seek an overall deal on aircraft support, but Washington has shown no sign it wants to talk.

A US government official said Washington has been willing since the very beginning to negotiate a solution, but that the EU gave more support to Airbus rather than fixing the problem.

EU-US trade relations are likely to be a major focus in Brussels during a parliamentary hearing of the next trade commissioner, Irishman Phil Hogan, on Monday, and of national trade ministers meeting on Tuesday.



A visitor looks at Airbus's A380 flight model during Japan Aerospace 2016 air show in Tokyo.

REUTERS/FILE

Robi will get listed soon

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"So, finally they have agreed to get listed as per the government's suggestion," he added.

Contacted, Shahed Alam, chief corporate and regulatory officer at Robi, remained circumspect about the carrier getting listed anytime soon.

"While we are very keen on enlisting in the stock market, the exorbitantly high corporate tax rate and the minimum tax is causing tremendous strain on our business. We don't think that such taxation structure is conducive for us to come to the stock market."

Subsequently, he urged the authorities to address the concerns to help Robi find a strong business footing.

"In addition, allowing corporate tax incentive would create a scenario that could win the confidence of the potential investors and our shareholders," he said, adding that Robi recently had a fruitful discussion with the BSEC on the possibility of floating a corporate bond.

A top placed source at Robi said the

operator is now trying to raise about Tk 400 crore from the local market by issuing zero coupon bond and the issue was discussed with the finance minister.

Meanwhile, Hossain said the government is committed to the development of the stock market. "Now, the government is focusing on offloading shares of the profitable state-run companies. You will see some within two or three months."

The government will also grill the Investment Corporation of Bangladesh, a state-run investment company that raised Tk 2,000 crore with the promise to invest 50 percent of the sum to the stock market. The company is yet to invest the sum.

BSEC Commissioners Md Helal Uddin Nizami, Swapan Kumar Bala and Khondoker Kamaluzzaman were present at the event.

Also at the event, BSEC's online complaint window, called the Customer Complaint Address Module, was launched. Investors would now be able to file stock market-related complaints on the BSEC website.

Digital platform Dmoney starts commercial operation

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"The app offers a rich set of services for both lifestyle and payments and is scalable and extensible so it can grow richer week to week."

Md Mezbaul Haque, general manager of payment systems department at Bangladesh Bank, was also present.

The service was launched with the country's first interoperable QR, the officials of Dmoney said.

People can open Dmoney accounts with their smartphones and connect it with their bank accounts, they said.

Users can also bring money to their Dmoney accounts from any debit card or credit card.

Dmoney also has a range of lifestyle services available within the app, such as mobile top-up, bill payments, ticketing, foods purchase, insurance, health and many more on-demand services.

The app is available for download in both app store and Google play store.

Dmoney users will also get different touch points to pay bills through QR code and online gateway. Currently about 2,500 offline and online stores accept Dmoney payment.

Moreover, customers of multiple leading banks, including One Bank, Trust Bank and Al Arafah Islami Bank will be a part of Dmoney's QR alliance.

In the programme, Dmoney shared their plan to grow its QR payment touch points to 100,000 by next year.

The company has obtained payment service provider licence from Bangladesh Bank earlier in January this year.

Currently, 16 financial organisations have the licences to run mobile financial services and only a few of them are in operation.

According to a Bangladesh Bank report, Tk 35,513 crore was transacted through MFS in August, down from Tk 37,478 crore a month ago.

At the end of August, the total number of registered MFS clients stood at 7.36 crore of which 3.31 crore are using their accounts for transactions.

Recently, Dmoney Bangladesh Ltd has been named in the "10 Most Convenient Wallets to Watch in 2019" by APAC Business Headlines, a Hong Kong-based publishing house, and it became the only wallet from South Asia to make it to the top 10 position.

NBR extends deadline for e-BIN

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He said the VAT collection process was being hampered as a significant number of existing VAT-payers were yet to update their BINs. Implementation of VAT returns submission online will also not be possible without the 13-digit e-BINs, he said.

As of September 30, around 37,186 businesses either obtained 13-digit e-BINs or updated 9-digit BINs in line with an NBR directive based on the new VAT and Supplementary Duty Act-2012 which came into force that month.

A total of 1.66 lakh businesses obtained 9-digit BINs till June 30 this year from the NBR's online BIN registration system introduced in March 2017.

The NBR in the first week of July asked the businesses to update their existing BINs in VAT online system database.

The online system will provide new 13-digit BINs adding four new digits tracing businesses to their previous 9-digit BINs.

Rahman, in the letter, said it was necessary to update the BIN database of businesses as the country's VAT system would be managed online under the new VAT law and opening LCs without 13-digit e-BINs would create complexities in future.

He said a significant number of VAT-payers did not obtain 13-digit e-BINs within the August 14 deadline.

Officials said in early September the NBR instructed field-level VAT offices to issue new BINs within three days of getting applications from traders as a large number of applications had remained pending with the offices due to various reasons, including technical problems.



Ashish Goupal, managing director of Marico Bangladesh Ltd, and Apurva Jain, head of transaction banking at Standard Chartered Bangladesh, sign the documents of an agreement at the former's head office in Dhaka recently. Marico can make duty payments against imports through the bank's online platform Straight2Bank (S2B) Next Gen.

STANCHART

Bangladesh's export to grow 8pc this year

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This deceleration would see export growth in the Asia-Pacific region fall below the forecast for the worldwide average of 1.7 percent.

"However, progress in trade reform could enable economies in the region to access untapped economic potential," Lippoldt said.

He said the region's strength lies generally in favourable demographic conditions and ability to boost productivity via application of currently available technology and improvements in regional innovation processes.

Availability of potential gains via reform of currently under-performing policy settings, including with respect to trade, is another strength, he said.

"For Bangladesh, the outlook for exports remains bright even amid the global trade tensions," Lippoldt said.

Bangladeshi firms were also the most optimistic about the global trade outlook among the 34 markets in HSBC's Navigator Survey conducted in late 2018.

Around 94 percent of Bangladeshi businesses reported a positive outlook on global trade, with China, India and Japan cited as the top three markets where they are looking to expand their business over the next three to five years.

Speaking at the event, Md Akhtaruzzaman, executive director for research at Bangladesh Bank, said Bangladesh has well positioned itself to face current global economic and political challenges, including the China-US trade tension.

"Bangladesh is hugely investing in infrastructure development projects as well as human development which will benefit Bangladesh in the mid and long-run by enhancing overall productivity and digitalization," he said.

He said while volatile economic and political condition was a cause of concern for countries in the Asia-Pacific region, it would create more opportunities for countries such as Bangladesh.

Francois de Maricourt, chief executive officer of HSBC Bangladesh, said as the leading international trade bank, HSBC would be here to guide and support its clients' business needs in these challenging environment.

"We are committed to offering our clients the best insight and solutions whatever the economic climate is because we exist to serve them," he said.

Md Mahbub ur Rahman, deputy CEO and country head of wholesale banking, said the recent HSBC Trade Navigator Survey captures a positive outlook of the Bangladesh economy. International trade remains at the centre of it.

"By bringing in our Chief Trade Economist Douglas Lippoldt at this opportune time for our customers and stakeholders, we are confident it will help them understand the future dimensions of our international trade amidst ongoing trade tension globally."

UK economy shrinks in second quarter

REUTERS, London

Households helped to limit the damage to Britain's economy as it shrank in the second quarter ahead of Brexit, according to new data that also showed their financial health was less fragile than previously thought.

The Office for National Statistics (ONS) confirmed the economy contracted at a quarterly rate of 0.2 percent in the second quarter, a hangover from a stockpiling boom before the original Brexit deadline that was postponed until Oct. 31.

While British industry and investment wilted in the escalating Brexit crisis, household spending increased at a quarterly rate of 0.4 percent, marking the fastest growth in a year.

The new ONS data also showed Britain's households have been net lenders to the economy rather than net borrowers ever since the second quarter of 2017. Previous data had shown households were net borrowers non-stop since late 2016.

The status change reflected people donating less to charity than previously thought, meaning households held more

assets, as well as landlords earning more money, ONS said.

"A healthier picture of households' balance sheets gives us some confidence that household spending will continue to underpin growth," Andrew Wishart, economist at consultancy Capital Economics said.

Changes to the measurement of student loans also contributed to change in the status of households to net lenders, although the figures still showed a "significant" deterioration since the 2016 Brexit vote.

Lending to British consumers slowed to its weakest rate in more than five years in August, a sign household demand may be softening in the run-up to Britain's departure from the European Union, Bank of England (BoE) figures showed on Monday.

Sterling and British government bonds showed little reaction to Monday's data.

Monday's ONS figures showed Britain's current account deficit in the second quarter narrowed by less than expected, to 25.2 billion pounds (\$31.02 billion) from 33.1 billion pounds.

\$10b leather export possible by 2025

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This is one example of corruption in the construction of the CETP, he said, adding that there are many other instances of graft.

Ahmed said as per conditions of the tender, the Chinese contractor was supposed to install Swiss turbine and European pumps at the CETP. Instead, low quality Chinese turbines and pumps were used.

He said tanners use between 45,000 litres and 50,000 litres of water to wash a tonne of rawhides but international standard is 25,000 litres.

"If tanners can wash them maintaining international standard, the CETP will not have to bear the overflow of waste water."

The CETP can treat 25,000 cubic metres of water per day but during peak seasons tanneries discharge between 36,000

and 38,000 cubic metres of water a day, which is beyond the capacity of the plant, said Mir Mohammad Shahinul Islam, a representative of the BSCIC.

Kamruzzaman Majumder, an environment expert, asked whether the tanners are polluting the environment in the name of building a thriving industry as this sector has little contribution to the economy.

The contribution of the leather sector is 0.35 percent to the gross domestic product and 3.54 percent to the national exports, he said.



Mohammad Borhanuddin, president and managing director (current charge) of Bank Asia, and Md Sazzad Hossain, deputy managing director, pose with children who gained vision in Dhaka. The bank runs a project as part of wcorporate social responsibilities with Bangladesh Eye Hospital treating underprivileged children born blind and up to eight years of age.

BANK ASIA

TikTok owner ByteDance's H1 revenue better than expected

REUTERS, Beijing/Hong Kong

China's ByteDance, owner of video-sharing app TikTok and one of the world's most valuable unicorns, booked revenue of 50-60 billion yuan (\$7 billion to \$8.4 billion) in a better-than-expected result for the first half, people familiar with the matter told Reuters.

ByteDance, which was loss-making in the first-half, also posted a profit in June and was confident of making a profit in the second half of the year, one of the people said, declining to be identified as the company has not made a public announcement.

Robust growth has led the Beijing-based startup to revise its revenue target for 2019 to 120 billion yuan from an earlier goal set late last year of 100 billion yuan, a second person said.

Earnings figures for last year were not immediately available. According to online tech news outlet The Information, ByteDance revenue for the whole of 2018 was \$7.2 billion.

ByteDance declined to comment.

The seven-year-old startup, which separate sources have said was valued at \$78 billion late last year, also owns Chinese news aggregator Jinri Toutiao, meaning "Today's Headlines", as well as a domestic version of TikTok, known as Douyin.

Most of the company's revenue is garnered in China, the second person familiar with the matter said, adding that while Douyin generates advertising fees, TikTok is still in the early stages of making money.

Analysts have called ByteDance a strong threat to other Chinese tech

industry firms including social media and gaming giant Tencent Holdings Ltd and search engine leader Baidu Inc. Globally, ByteDance's apps have 1.5 billion monthly active users and 700 million daily active users, the company said in July.

Last month it launched a search engine that sits within Toutiao, putting it in direct competition with Baidu. It has also acquired a Chinese-language Wikipedia-like website called Baika.com to further boost content.

Aiming to expand in markets outside China, ByteDance recently launched work efficiency app Lark and is planning to launch a paid music-streaming app. Its aggressive push into new areas has helped lift global headcount to around 50,000 currently, compared with 40,000 last year.

BO accounts drop off in lakhs as investors bolt

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Those who manage stocks during the IPO pay the face value and later sell at at least twice the price.

One such dejected IPO hunter is Ahmad. "In the last three years, I have won only one lottery of Kattali Textile."

Kattali Textile got listed on November 12 last year and he bought 5,000 stocks at Tk 10 each. He sold them off 4-5 days later, when the stock hit Tk 33.

"I don't think the market will get back to its heady days anytime soon. So it is best for me to retreat for a while," the crestfallen retail investor added.