



# EU girds for trade riposte after US ups ante on tariffs

AFP, Paris

European nations scrambled Thursday to prepare a response to new US tariffs on billions of dollars' worth of EU goods after Washington got the go-ahead from the World Trade Organization to strike back over state subsidies for planemaker Airbus.

But officials also indicated they still hoped to find common ground to avoid escalating trade tensions that risk battering economies across the globe.

"We've been arguing for a trade deal for months. Our hand is extended," French Finance Minister Bruno Le Maire said.

"I hope the United States will listen to this voice, which to my mind is the voice of reason," Le Maire told journalists in Paris, calling Washington's move to tax \$7.5 billion of EU imports a "serious economic mistake." US President Donald Trump has already imposed tariffs on steel and aluminium imports, saying America has gotten a raw trade deal from its partners.

The Airbus ruling on Wednesday marked the first time the WTO has cleared the United States to impose countermeasures on EU products under international trade law.

"A nice victory!" Trump wrote on Twitter, saying the EU "has for many years treated the USA very badly on Trade due to Tariffs, Trade Barriers, and more." However, the EU has also filed a WTO suit claiming illegal aid for Airbus's US rival Boeing, with a decision expected in the coming months.

In the meantime, the bloc has warned it will retaliate in kind.

"If the American administration refuses to accept the hand extended by France and the EU, we are ready to respond with sanctions approved within the WTO framework," Le Maire said.

In the immediate line of fire are civilian

aircraft from Britain, France, Germany and Spain -- the countries which formed Airbus -- which will cost 10 percent more when imported to the US from October 18.

According to US data, the country imported about \$3.5 billion in aircraft from the EU in 2018.

But the tariffs also target consumer

products like French wine, which Trump had vowed to take aim at in recent months. Bottles from France, Spain and Germany will now face 25 percent tariffs.

Cheeses from across Europe will also cost 25 percent more for American consumers, as will "Made in England" suits, cashmere sweaters and pyjamas.

Italian farmers breathed a sigh of relief, since Italian favourites such as tomatoes, olive oil and wine will not be taxed.

The Coldiretti agriculture body said Thursday the US tariffs would impact 500 million euros' (almost \$550 million's) worth of the roughly four billion euros of Italian food exports to the United States.

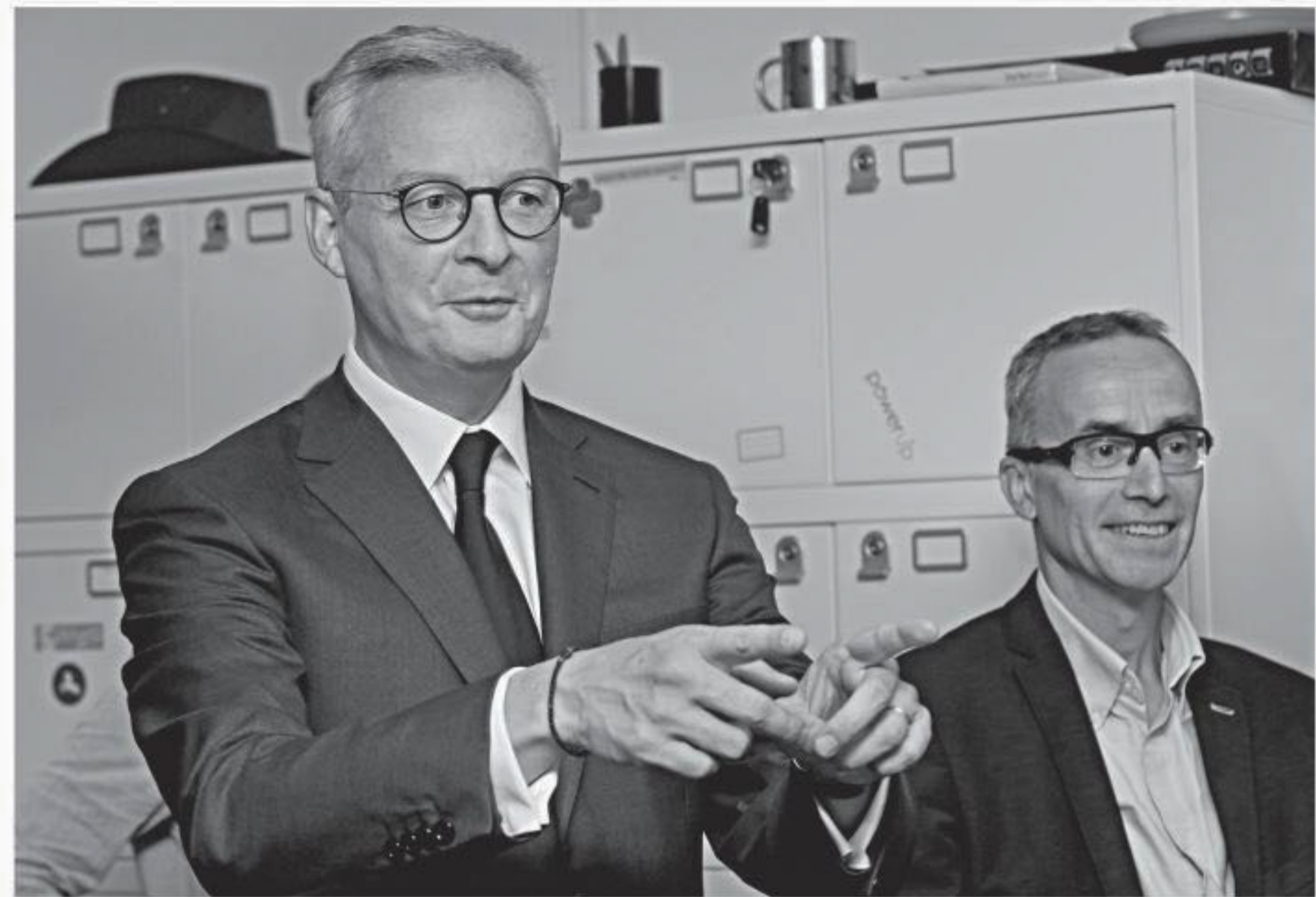
The EU meanwhile warned Thursday the tariffs would only end up hurting Americans' wallets.

"This is a move that will first and foremost hit US consumers and companies, and will make efforts towards a negotiated settlement more complicated," Commission spokesman Daniel Rosario said in Brussels.

US Trade Representative Robert Lighthizer said Wednesday he expected to begin talks with Brussels soon to try and resolve the dispute.

The EU and United States have reached such settlements in the past.

But European officials had already offered in July to call a truce on subsidies for airplane makers, in which both sides would admit fault and agree to curtail state aid -- to no avail.



French Finance and Economy Minister Bruno Le Maire, left, takes part in a symposium on the theme "AI ahead of us" at the headquarters of Criteo AI Lab in Paris yesterday.

## BKMEA re-elects president

STAR BUSINESS DESK

AKM Salim Osman has been re-elected president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) for a fifth consecutive term.

The association also elected vice presidents and directors for 2019-20, according to a statement. The election results were announced at the association's office in Narayanganj yesterday.

Osman is a parliament member and managing director of Wisdom Attires Ltd.

## Saudi has restored oil output after attacks: minister

REUTERS, Moscow

Saudi Arabia has fully restored oil output after attacks on its facilities last month and is now focussed on the listing of Saudi Aramco, its energy minister Prince Abdulaziz bin Salman said.

The kingdom's oil production capacity now stands at 11.3 million barrels per day, he told a Moscow energy conference on Thursday, adding, "We all rose to the challenge."

"We have stabilised production capacity, we are at 11.3... We still have the kit and the tools to overcome any future challenges..."

The listing of Aramco is the centrepiece of Saudi Arabian plans to shake up its economy and diversify away from oil.

## Market's stability is main focus: BSEC

FROM PAGE B1

The interest rate of margin loans is more or less 15 percent, according to the merchant banker.

Farhad Ahmed, executive director of the BSEC, Shakil Rizvi, president of the DSE Brokers' Association, Sheikh Kabir Hossain, chairman of the CDBL, and Shuvra Kanti Choudhury, managing director, also spoke at the event.

## 96pc bikes made locally

FROM PAGE B1

TVS ABL introduced TVS bike in Bangladesh in 2010 and within seven years the company became the second-largest seller of two-wheelers in the country, with around 25 percent market share.

The company set up its manufacturing and CKD plant in 2017 with a capacity of 500 units per shift, which comprises eight hours. It started the manufacturing process last year and now churns out seven models and assembles three more models for the Bangladesh market, Roy said.

However, they can't stake a claim to the "Made in Bangladesh" statement because of the absence of a backward linkage policy, he said.

Bajaj is the market leader with 40 percent share. It sold around 2.25 lakh units in 2018. It manufactures 12,000 units per day at its Zirani factory in Savar.

Dileep Banerjee, CEO of Uttara Motors, the sole distributor of Bajaj motorbikes, said Bajaj sold more than 20 lakh units in the past 40 years.

He said most of the models of Bajaj are available in Bangladesh either through manufacturing or assembly and the quality is the same like it is in India.

However, Banerjee said the company is still far away from manufacturing all components in Bangladesh as there is no policy for local vendors.

Hero, one of the fastest growing brands in Bangladesh, established an assembly plant four years ago under a joint venture with Nitol-Niloy Group. The facility was upgraded to a manufacturing unit in 2018.

The plant manufactures 125,000 units per year although it has capacity to manufacture more than 200,000 units. Hero makes 22 components, including

chassis, rims and chains, which are needed to make a bike in the country, said Abdul Matlub Ahmad, chairman of Nitol-Niloy Group. Japan automobile giant Honda rolled out a motorcycle manufacturing plant in November last year, in what can be viewed as a watershed moment for the country's industrial capabilities.

The plant was set up at Tk 230 crore on 25 acres of land in the Abdul Monem Economic Zone in Munshiganj.

Bangladesh Honda Private Ltd, a joint venture between Honda and the state-owned Bangladesh Steel & Engineering Corporation, manufactures seven models of Honda motorcycles.

Currently, the plant has an annual production capacity of 100,000 units. By 2021, the capacity will expand to 200,000 units, said Shah Muhammad Ashequr Rahman, head of finance and commercial of Bangladesh Honda Private Ltd.

## Foreign fund in DSE keeps falling

FROM PAGE B1

So, the investors prefer to book profit before any further devaluation, they added.

According to the central bank data, trade deficit more than doubled to \$15.94 billion in 2018-19 compared to 2015-16.

The current account balance deficit was also at a sizable amount at \$5.25 billion in the last fiscal year.

Economists says if the deficit continues to widen, it will put pressure on the local currency. Already, it has depreciated.

Yesterday, a USD traded at Tk 84.50, up from Tk 83.78 a year earlier.

## Swiss banks benefit as rich Britons line up escape route from Brexit chaos

REUTERS, Zurich

Swiss private banks have seen a sharp rise in British clients who are moving assets offshore to escape a chaotic Brexit, several sources familiar with the situation told Reuters.

"In recent months the number of accounts opened from Britain has trebled," one person at the wealth management arm of a large international bank in Switzerland said.

Swiss banks do not disclose details of their clients but the sources said that most of the accounts opened by British-based clients were for high net worth British nationals wanting to shift some assets to safe-haven Switzerland.

This trend had clearly intensified in recent weeks, a source at a large Swiss bank said.

Wealthy Britons wanted to protect

their assets also against the possibility of a high-tax Labour government coming to power soon, another source said.

The British pound has lost 17-18 percent against the dollar and the euro since the UK's vote on EU membership in June 2016. With just weeks to go before Britain's deadline to leave the EU on Oct. 31, the terms of the UK's departure, and possible ramifications for its economy, are still unclear.

One Swiss private banker said his bank had also drawn more customers from Britain over the past three to six months.

A source at the Swiss wealth management arm of a second international bank said rich Britons were particularly afraid that the Labour Party led by Jeremy Corbyn would win an expected UK election soon and find ways to get a share of

## Malaysia proposes \$20m fine on Grab

REUTERS, Kuala Lumpur

Malaysia's competition regulator on Thursday proposed a fine of over 86 million ringgit (\$20.5 million) on ride-hailing firm Grab for violating competition law by imposing restrictive clauses on its drivers.

The Malaysia Competition Commission (MyCC) ruled that Singapore-based Grab had abused its dominant position in the market by preventing its drivers from promoting and providing advertising services for its competitors.

"MyCC further notes that the restrictive clauses had the effect of distorting competition in the relevant market that is premised on multi-sided platforms by creating barriers to entry and expansion for Grab's existing and future competitors," MyCC Chairman Iskandar Ismail told a news conference.

MyCC also imposed a daily penalty of 15,000 ringgit beginning on Thursday for as long as Grab fails to address the concerns.



Md Mahbub ul Alam, CEO of Islami Bank Bangladesh, opens the bank's 347th branch at Paduar Bazar in Cumilla yesterday.

## Sanofi says no plan to exit, employees state otherwise

FROM PAGE B1

BCIC Chairman Md Haiul Quaium, who is also the board chairman of Sanofi Bangladesh, had requested Billard if there was any possibility to change Sanofi's decision.

"It is not possible now," said a meeting source quoting Billard.

After selling off its Stakes Sanofi plans to continue medicine supply in Bangladesh through export/distributor model.

Sanofi produces exclusive drugs, like vaccines for deadly diseases like meningitis and yellow fever, chemotherapeutic products, unique antibiotics, medicines for kidney disease, diabetes and more.

Last year, Sanofi Bangladesh, which has a world-class plant in Tongi, logged in profits of Tk 42.12 crore, up 13.62 percent year-on-year, company documents show.

"The company has asked us to submit claims soon so that it can settle payments before its departure from Bangladesh," the employee added.

The letter was sent just to keep Sanofi clients calm during the period of transition, said another employee.

He went on to blame the corrupt marketing system in the industry for the company's exit.

For instance, the local pharma companies can give attractive commission and gifts to doctors for prescribing their medicines to patients.

"But such marketing is not permitted by Sanofi's global company policy. Sanofi could not do well both in innovation and marketing as it did not give any bribe to any quarter."

On September 16, three days after news came in media of Sanofi's intent to depart Bangladesh after 61 years

despite running a profitable venture. Bhat had arranged a town hall meeting with employees.

"But he did not answer any of the pressing questions. People asked if Sanofi is not profitable or what can be done from the employees' part to make it a viable concern of the group. But there was no satisfactory answer from him."

Employees from all across the country then staged demonstrations the following day at Sanofi Bangladesh's headquarters in capital's Segunbagicha, he added.

Contacted, Farhana Tofail, spokeswoman of Sanofi Bangladesh, said the statement of the letter is true and if any employee differs with the letter it is not an official statement.

"Officially, no other statement is accepted," Tofail told The Daily Star over phone.



Md Mosharrar Hossain, an executive director of Bangladesh Bank, and Md Ahsan Ul Alam, head of agent banking at Bank Asia, take part in a procession followed by a "School Banking Conference-2019" organised by Bank Asia as the lead bank in Jhenaidah recently.