

Where the US-Japan trade deal falls short of Trans-Pacific pact

REUTERS, Washington
US President Donald Trump has called his new trade deal with Japan a "phenomenal" victory for US farmers.

But don't expect America's Land O'Lakes butter to knock New Zealand's Anchor or France's President brands off store shelves in Japan, the world's third largest economy. Butter is one of several US dairy products that will not get improved access to Japan's 127 million consumers under the limited bilateral trade deal signed by Trump and Japanese Prime Minister Shinzo Abe on Sept. 25.

The deal's full text has not been released and remains classified, but congressional aides, trade experts and industry groups briefed on it say that it offers worse access to Japan for some US agricultural goods than the Trans-Pacific Partnership (TPP), a now 11-country trade deal that Trump quit on his third day in office in 2017.

US butter, milk powder and evaporated milk, along with some grains, would have competed with other TPP signatories for Japan's new import quotas under the Pacific Rim deal.

When the United States pulled out, that left more space for brands like Anchor or Australia's Western Star, and Japan refused to grant new quotas for US-made products in the just-completed US negotiations.

But there are gains that bring US beef, pork and wine exports in line with TPP competitors from Australia, New Zealand and Canada, putting them on the same tariff schedule.

"There are some specific parts of the agreement that really do benefit from this," said Matthew Goodman, an Asian economics expert at the Center for Strategic and International Studies in Washington. "More broadly, this is not a highly significant deal from a commercial perspective, as it doesn't touch the biggest item in bilateral trade, autos and auto parts."

The US-Japan agriculture-centered deal is notable for what it leaves out. It does not include the bulk of products that make up the bilateral trading relationship, notably autos from Japan and aircraft, liquefied propane gas and semiconductor manufacturing equipment from the United States.

Motor vehicles and parts, by far the largest Japanese export to the United States

manipulation - a stated goal of the US Trade Representative's office.

America's rice growers won't benefit from the new bilateral trade deal, as tariffs and quotas on US rice imported to Japan set in the early 1990s remain in place.

Under the TPP, Japan would have accepted 70,000 metric tons of American rice per year tariff-free under a US-specific quota, but this was not included in the

Japan's tariffs of up to 40 percent on US cheese over 16 years, but dairy industry officials say they eventually expect to be on a par with TPP countries.

"We think it's probably 80 percent of what we would have gotten in TPP," said Michael Dykes, president and CEO of the International Dairy Foods Association.

Documents provided by the Japan's foreign ministry show that Japan did not grant any concessions for US exports of sugar, chocolate or other confections. Tokyo's TPP-wide quotas for these products have gone to other countries.

US beef is the major winner in the US-Japan deal and will see Japanese tariffs fall from to 9 percent from 38.5 percent by 2033, on the same schedule as TPP competitors Australia, New Zealand and Canada, according to US and Japanese officials.

The story is the same for US pork exports to Japan, which topped \$1.6 billion in 2018, but now face a significant tariff disadvantage compared to TPP and EU countries. The deal will put US producers on the same tariff reduction schedule as these competitors, with a 20 percent tariff for seasoned pork dropping to zero within six years.

These concessions may provide some relief for farmers and ranchers in the politically important US Midwest who have been battered by the US-China trade war and have lost market share in Japan to EU and TPP competitors that have lower Japanese tariffs.

US ethanol will essentially see the same tariff reduction schedule as other TPP countries, an industry official said.

And the deal maintains Japan's zero duty on US corn for animal feed, but grants a quota eliminating a 3 percent duty on sweet corn and other types of corn, according to the US Grains Council, an industry group, which said the deal brings most US grains exports "largely back in line with TPP."



REUTERS/FILE
Ministers and high officials of the member countries of Trans-Pacific Partnership trade deal take part in a news conference at the Ministry of Foreign Affairs, Chile.

at \$56 billion in 2018, were left out for a later phase of negotiations. Abe said Trump agreed not to impose threatened "Section 232" tariffs on Japanese cars and parts on national security grounds.

Japan has no tariffs on cars and trucks from the United States, but US automakers argue that most American cars are kept out by environmental and safety regulations, and Japan's currency policies that keep the yen low against the dollar.

TPP would have eased Japan's regulatory barriers, but neither agreement contained any rules to combat currency

manipulation.

Tim Johnson, president and CEO of the California Rice Commission, said he hoped for a better deal in later phases of US-Japan talks.

Barley also will not get improved access in the trade deal, congressional aides said, as Japan did not expand its TPP-wide quota for the grain used widely in beer production.

Apart from the lack of improved access for butter and milk powder, exact details of cheese provisions in the US-Japan deal are not yet known. TPP would have eliminated

Apple supplier Japan Display says aiming for a bailout deal this month

REUTERS, Tokyo
Japan Display Inc said it aims to clinch a deal this month for least 50 billion yen (\$470 million) in vital funding, having had to scramble after an investment group suddenly pulled out of a bailout plan for the Apple Inc supplier.

Loss-making for the last five years and with its liabilities now exceeding assets, Japan Display desperately needs a capital injection.

For Apple, any collapse of Japan Display would hurt its ability to deliver competitive pricing for its new iPhone 11 base model which is \$50 cheaper than last year's XR model. It might also force the US firm to turn to rival suppliers for liquid crystal displays (LCD) and increase its reliance on Samsung Display for organic

light-emitting diode (OLED) screens.

Japan Display has said a major client, which sources with direct knowledge of the talks have said is Apple, intends to invest \$200 million, double the amount it previously planned. Hong Kong-based Oasis Management will also contribute \$150-180 million. A Japan Display supplier and other funds are also set to take part.

"We are close to 50 billion and I believe we can cement the deal this month," new Chief Executive Minoru Kikuoka told Reuters in an interview.

The planned revised bailout deal is, however, smaller than a previously announced plan for as much as 80 billion yen. Chinese investment firm Harvest Group pulled out of the deal last month, citing differences with other investors over corporate

governance. Kikuoka, who took the helm in September, said LCD screens are drawing renewed market interest, pointing to solid demand for affordable smartphones with low-cost displays.

Orders for LCD screens from a major customer have been "stronger than previously planned," Kikuoka said. The comment follows a recent Nikkei Asian Review report that Apple has asked suppliers to increase production of its iPhone 11 models by around 10 percent.

Although a late shift to OLED screens has cost it orders from Apple and is responsible for much of Japan Display's financial woes, the US tech giant still accounted for about 60 percent of its revenues in the last financial year ended March.



PARTEX AGRO
Aziz Al Kaiser, vice chairman of Partex Star Group; Tabassum Kaiser, chairman of Partex Agro, and Savera H Mahmood, managing director, attend the latter's conference for hybrid rice seed dealers at a Dhaka hotel recently.

Japan's JERA acquires 22pc stake of Summit Power for \$330m

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Because the demand for electricity in Bangladesh is expected to grow rapidly with steady economic growth, JERA has positioned it as a priority country for investment, participating in a power generation project in Bangladesh for the first time in September this year, the Japanese company said in another statement.

Summit Power, a Singapore-based unit of Summit Group, is a holding company of all power assets of the Bangladeshi conglomerate. The largest independent power producer in the country owns and operates power generation facilities that produce approximately 1.8 gigawatt, representing about 12 percent of the country's capacity.

It is currently constructing power generation facilities with a capacity of about 590 megawatts and, with several new projects also being planned, significant growth is expected in the future, JERA said.

Summit LNG Terminal Co Ltd, which has a capacity to supply 500 million cubic feet of gas per day, is a subsidiary of Summit Power.

The Matarbari project is expected to be functional within two years of signing an agreement between Summit, JERA Asia and the government of Bangladesh, Summit Group said in a statement in May.

The project will have a capacity to handle 20 million tonnes of bulk cargo per annum.

Neutral panel to evaluate BTRC's audit findings

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And before the committee gets to work, the mobile operators will have to put in certain deposits.

The development can be viewed as a compromise of sorts from the telecom regulator, which was dogmatic about going for arbitration as per the mobile operators' request and was insistent on having the sum put forward by the auditors.

"Now the ball is in the mobile operators' court, and they can play as they want," Jabbar said.

The committee also decided that the mobile operators will withdraw the cases that they have filed in the lower court and the telecom regulator will also withdraw the show-cause notice.

"Both the parties grudgingly agreed to this," said the meeting attendant who sought anonymity. Grameenphone thanked the authorities for finding a solution to the disputed and unfounded audit claims.

"Building on recent constructive discussions we

proposed a set of principles to guide the discussion towards an amicable and transparent conclusion," said Hossain Sadat, head of regulatory and acting head of communication at Grameenphone.

This framework has been under consideration of the government, and in a meeting last Thursday both the operators received a counter proposal that they are currently reviewing, he said.

"Unfortunately, the unfounded show-cause notice by BTRC to cancel our licence has not been withdrawn and hence we have provided our response within the timeline," Sadat added.

Meanwhile, both Grameenphone and Robi have challenged the legality of the telecom regulator's show-cause notice on them asking to reply within 30 days why their licences would not be cancelled for their failure to pay Tk 13,446 crore of dues.

The show-cause notice was

sent on September 5.

Robi declined to comment on the matter, saying the situation is changing so frequently that it will be tough for them to comment accurately.

Before accepting the meeting's proposals, Grameenphone and Robi were asked to get approval from their respective authorities.

A senior executive officer of one of the two mobile operators said their board will accept the proposals. The BTRC has demanded Tk 12,579.95 crore from Grameenphone and Tk 867.24 crore from Robi in unpaid dues after audits into the two operators' books from their inception.

The two operators, which have 12.36 crore, or 76 percent of total active mobile connections between them, have not been getting any approval from the BTRC since July 22 for new services and packages and have been barred from importing equipment to maintain their network.

Deutsche Bank in strategy shift to address tech woes

REUTERS, Frankfurt
Deutsche Bank is creating a new technology division in a strategy shift designed to reduce complexity and lower costs while transforming systems that have held back the bank for years.

The German lender's legacy IT systems have been blamed in part for the bank's failure to control costs and for its slow progress in keeping up with the wave of fintech innovation across the industry.

Technology has long been a problem for Deutsche Bank. Former Chief Executive John Cryan complained in 2015 about "lousy systems" and "very slow processes", and former operations chief Kim Hammonds last year described Deutsche as "vastly complex" and the "most dysfunctional" workplace she has known. The central technology division announced on Monday will be led by Bernd Leukert, overseeing tech security, data and innovation functions among others, the bank said in a note to employees seen by Reuters.

Regulatory environment a maze: IFC

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He also said the Bida was working to register nearly a million freelancers in Bangladesh to facilitate them as they are earning nearly \$2 billion for the country.

Wendy Werner, country manager of the IFC, M Masrur Reaz, senior economist of the IFC, Miah Rahmat Ali, senior private sector specialist of the IFC, Yutaka Yoshino, programme leader of the World Bank Group, Sadiq Ahmed, vice-chairman of the PRI, Md Sirazul Islam, executive chairman of the Bida, and Mohammad Shahidul Haque, senior secretary to the legislative and parliamentary affairs division, also spoke.

Rohingya crisis deepens poverty among locals: WB

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The report said the refugees had livelihood activities similar to Bangladeshis living on the other side of the border before they were displaced.

About 56 percent of the recent refugee households have at least one member working, it added.

The WB said the sudden and large influx of refugees in a relatively small area has impacted the labour market, leading to a fall in wages because of increased supply of labour in the area.

"Poor households save little, if any, of what they earn, and thus the fall in wages has an immediate and large effect on consumption and poverty. The short-term impact of lower wages is negative for those who are working, but there may be positive effects for those who hire labour," said the WB.

It, however, said food products' inflation has not significantly affected local poverty rates.



LANKABANGLA FINANCE
Khwaja Shahriar, CEO of LankaBangla Finance, speaks at the inauguration of a "Shikha Tailoring Training, Job Placement and Women Empowerment Project 2019" of LankaBangla Foundation in Kurigram yesterday. The three-month project includes daily stipend and sewing machines for 30 participants.

Stock index falls below 4,900 again

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According to the IDLC Securities data, yesterday's top three negative index contributors were Grameenphone, Olympic Industries and United Power Generation.

According to the DSE data, National Tubes dominated the turnover chart with a turnover of Tk 20.98 crore, followed by Wata Chemicals, Standard Ceramic, Monno Jute Stafflers and United Power Generation.

CAPM IBBL Islamic Mutual Fund was the day's best performer with a 9.80 percent gain while First Finance the worst loser shedding 7.89 percent.

Of the traded issues, 74 advanced, 251 declined and 29 closed unchanged on the premier bourse.

Chattogram stocks also fell yesterday with the bourse's benchmark index, the CSCX, declining 50.57 points, or 0.55 percent, to finish the day at 9,036.35. Losers beat gainers as 152 issues declined, 61 advanced while 33 finished unchanged on Chittagong Stock Exchange.