STOCKS	Week on week
DSEX	CSCX
▼ 2.58%	▼ 2.43%
4,810.22	8,900.57

COMMODITIES	As of Friday
Gold ▼	Oil ▲
$1,482.10	$60.51
(per ounce)	(per barrel)

ASIAN MARKETS			Friday Closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.65%	▲ 1.15%	▲ 0.79%	▲ 0.88%
38,127.08	21,789.87	3,113.97	2,973.66

CURRENCIES — As on Thursday, STANDARD CHARTERED BANK

	$ USD	€ EUR	£ GBP	¥ JPY
BUY TK	83.75	91.17	101.50	0.76
SELL TK	84.75	94.97	105.30	0.80

Star BUSINESS

DHAKA SUNDAY OCTOBER 13, 2019, *ASHWIN 28, 1426 BS* starbusiness@thedailystar.net

96pc Samsung sets assembled locally

No import from March

STAR BUSINESS REPORT

No Samsung mobile handsets will be imported to Bangladesh after March next year as its local plant is capable of meeting the domestic demand entirely.

The plant in Narsingdi is currently assembling products that account for 96 percent of Samsung's smartphone sales in the country.

Samsung Bangladesh and its assembly partner Fair Electronics Ltd announced that the globally reputed mobile brand will start assembling its Galaxy-branded flagship products within next few months.

They shared the info at a press conference at the Pan Pacific Sonargaon in Dhaka yesterday.

Fair Electronics set up the mobile plant two years ago and began assembling a range of 4G smartphones in June last year.

In the last one year, the plant has assembled about 15 lakh units of smartphones, with prices ranging from Tk 7,500 to Tk 40,000.

Fair Electronics Chairman Ruhul Alam Al Mahbub said they are targeting to assemble 25 lakh units of smartphones in the next one year.

"We can assemble all the devices in our factory and Bangladesh will not require to import any Samsung phone after March," he said.

He said like the garment sector, the tech industry has the potential to become the main driver of Bangladesh's economy by way of assembling technologically sophisticated products.

"Our aim is to present Bangladesh as a technological hub to the world and we are moving forward in line with the goal," Mahbub added.

READ MORE ON B3

AT A GLANCE

- Samsung's monthly assembling capacity 3 lakh units
- It assembled 15 lakh phones in the last one year
- 25 lakh to be assembled in the next one year
- It will stop importing from March next year
- Local plant will make motherboards from next year

Traders oppose double fumigation of US cotton

REFAYET ULLAH MIRDHA

Bangladesh should stop applying pest control method on US cotton at its ports as the raw material is fumigated at warehouses prior to shipment, allowing the country to save on import costs and time, importers and suppliers said.

Fumigation of US cotton is both time-consuming and expensive. Last year, more than $1 million was spent at the Chattogram port, according to A Matin Chowdhury, managing director of Malek Spinning Mills, one of the major local importers.

"So far not a single case of insects arriving with imported US cotton was detected," he told The Daily Star, while sharing the issue with a Cotton USA delegation at his Gazipur factory on Thursday.

READ MORE ON B3

Pizza Hut launches pizza-burger hybrid

STAR BUSINESS DESK

A pizza-burger hybrid that comes with eight patties and toppings such as meatball, chicken patties along with mozzarella and cheddar cheese made its debut at Pizza Hut Bangladesh on Friday.

A medium-sized eight-slice CheeseBurger Crown Pizza will be priced at Tk 999 and it will be available in six flavours -- Spiced Chicken Meatballs, Smoky Red N Hot, Triple Chicken Feast, Chicken Deluxe, Chicken Sensation and Beef Italiano.

The pizza will be available for a limited time, says a press release from the international restaurant chain.

It is a "premium innovation" with toppings and flavours "carefully sourced to serve the best quality", says Amit Dev Thapa, chief executive officer of Transcom Foods Limited, Pizza Hut Bangladesh's sole franchisee.

"We believe we can exceed the customer expectation that we have as an international brand," he said.

Innovation key to sustainable business

Experts say at Bangladesh Business Innovation Summit

STAR BUSINESS REPORT

Companies must go for innovations to survive and thrive in the age of the fourth industrial revolution, experts said yesterday.

"Innovation is a vital ingredient for the sustainability of any organisation, especially during these fast-changing times," said Amer Farid, director for corporate partnerships and innovation at the Unicef Norway.

"Being relevant is a big part of being innovative," he said, while presenting a keynote at the Bangladesh Business Innovation Summit 2019 at Le Méridien in Dhaka.

Speaking at the opening ceremony, Shariful Islam, founder of the Bangladesh Innovation Conclave, said for Bangladesh, innovation is the only way to achieve its vision and pursue inclusive growth.

"Every institution needs to embrace innovation at its core to survive and thrive in the age of the fourth industrial revolution."

Kin Wai Michael Siu, chair professor of public design at the Hong Kong Polytechnic University, said it is necessary to increase investment in high-risk and breakthrough to grab the future.

"We should always try to keep aside 5 percent to 10 percent of the earnings to invest in something new," he said, while making a keynote presentation.

The event was designed to share local and global best practices and approaches to innovation.

READ MORE ON B3

IDLC FINANCE

Zunaid Ahmed Palak, state minister for ICT, and Arif Khan, CEO of IDLC Finance, pose with winners of IDLC Finance Olympiad 2.0, an online competition, organised by the non-bank financial institution at Krishibid Institution Bangladesh in Dhaka on Friday.

Boeing board strips CEO of chairman title amid 737 MAX crisis

REUTERS

Boeing Co's board has stripped chief executive Dennis Muilenburg of his chairmanship title, in an unexpected strategy shift announced by the US planemaker on Friday only hours after a global aviation panel criticized development of the troubled 737 MAX.

Separating the roles, which will enable Muilenburg to have "maximum focus" on steering daily operations, was the latest step the board has taken in recent weeks to improve executive oversight of its engineering ranks and industrial operations.

Lead Director David Calhoun, a senior managing director at Blackstone Group, will takeover as non-executive chairman, Boeing said in its announcement, which came late on Friday afternoon without warning. It added that the board had "full confidence" in Muilenburg, who will retain the top job and remain on the board.

The decision came as Boeing struggles to get its best-selling 737 MAX back into service following a worldwide safety ban in March triggered by two crashes that killed a total of 346 people in Ethiopia and Indonesia.

It also comes some six months after Muilenburg survived a shareholder motion to split his chairman and CEO roles, part of the intense pressure he has faced during the worst crisis of his four years at the helm of the world's largest planemaker.

Dennis Muilenburg

"This decision is the latest of several actions by the board of directors and Boeing senior leadership to strengthen the company's governance and safety management processes," the company said.

Earlier on Friday, an international aviation panel criticized US regulators and Boeing over the certification of the plane.

An internal review in August revealed that the company was working to reorganize its engineering reporting lines company-wide and ensure higher ranking officials, including its CEO, get faster feedback about potential safety concerns from lower levels of the company.

As part of the move, Muilenburg received granular weekly reports of potential safety issues discussed at meetings of rank-and-file engineers.

It also plans to name a new director with deep safety experience and expertise to serve on the board and its newly created Aerospace Safety Committee in the near term, Boeing said.

India's industrial output shrinks at fastest rate in more than six years

REUTERS, *New Delhi*

India's industrial output shrank at its fastest rate in more than six years in August, reflecting the impact of an economic slowdown that could prompt the central bank to cut its key policy rate for the sixth time in December.

Annual industrial output contracted 1.1 percent in August compared with 4.6 percent growth in the previous month, government data showed on Friday. It was the worst performance since a 1.7 percent contraction in November 2012, data compiled by the Statistics ministry showed.

Analysts polled by Reuters had forecast industrial output for the month to have grown at 1.8 percent.

Subdued inflation and an economic slowdown have prompted the Reserve Bank of India (RBI) to cut interest rates by a total of 135 basis points this year, including a 25-basis-point cut last week, making it the most aggressive central bank in Asia.

"Another rate cut in December seems likely," Shilan Shah, of Capital Economics, said before the release of the data.

India's infrastructure output fell in August from a year earlier, the first contraction since April 2015, signalling the recovery in Asia's third largest economy may be slow despite a cut in the corporate tax rate and other policy measures designed to spur investment.

India's passenger vehicle sales slumped 23.7 percent in September, the 11th straight month of declines, prompting an industry body to flag more job cuts if sales failed to pick up soon.

Car and auto component makers have cut thousands of jobs and halted some production as the industry grapples with various challenges amid a broader economic slowdown. The government stepped in last month, announcing a corporate tax rate cut to boost manufacturing and lift growth.

The government has also seen tax collections falling due to weakness in the economy. Collections from India's nationwide goods and services tax (GST) fell to a 19-month low in September, while direct tax collection growth since the beginning of the current fiscal stands at 6 percent so far, below the required growth rate of 17 percent.

REUTERS/FILE

Workers make pipes used for drilling, at a factory in an industrial area in Mumbai.

China sets timetable to end finance ownership caps

AFP, *Beijing*

China's securities regulator has set a timetable to remove foreign ownership limits in finance companies next year, as Beijing seeks to attract overseas investment to boost a slowing economy.

Foreign firms would be allowed to own a controlling share of futures companies from January 1, 2020 and mutual funds from April 1, 2020, reported Shanghai Securities News, a website affiliated to the China Securities Regulatory Commission (CSRC), on Friday. Caps on foreign ownership of securities firms will be removed on December 1, 2020, it added, citing Gao Li, a spokeswoman for CSRC.

Last month China removed limits on foreign institutions wanting to invest in its stocks and bond markets, amid cooling domestic growth and a bruising trade war with the United States.

The country's Financial Stability and Development Committee in July also said that foreign investors will be encouraged to set up wealth management firms, currency brokerages and pension management companies next year. Beijing has long promised to further open up its economy to foreign business participation and investment but has, until recently, dragged its feet in implementing the moves.

In November, Beijing made an exception for two European insurers, allowing Germany's Allianz to launch a 100 percent foreign-owned subsidiary, and France's Axa to take control of its joint venture.

And in December, China's securities regulator authorised Swiss bank UBS to take a controlling stake in its local business.

AGRANI BANK

Zaid Bakht, chairman of Agrani Bank, and Mohammad Shams-Ul Islam, CEO, pose at its "Meet the Borrower" programme at Agrabad in Chattogram recently.

Thomas Cook failure spurs UK to act on airlifting tourists home

REUTERS, *London*

Britain's government plans to introduce new legislation to make it easier and faster to bring home stranded holidaymakers after the collapse of tour company Thomas Cook led to the country's biggest ever peacetime repatriation.

The UK Civil Aviation Authority was forced to begin flying more than 150,000 tourists home last month after the world's oldest travel company failed to secure investment to keep flying.

Transport minister Grant Shapps said he wanted to change the current system to allow failed airlines to be placed in special administration, so the company's planes and crew can keep flying meaning passengers can return home faster.

The government was unable to use Thomas Cook aeroplanes and instead had to build what was in effect a temporary airline, using spare capacity from other operators, to bring passengers back.

"The recent collapse of Thomas Cook demonstrated not only the impact of the collapse of a major airline on both staff and passengers, but also the complexity and cost of repatriating those affected," Shapps said.

"Being able to make use of existing assets and staff in order to get people home will help to cut the costs of these repatriation efforts when they occur, make repatriation easier to deliver and also reduce the disruption felt by passengers."

Prime Minister Boris Johnson's office said the new legislation will be included in the government's Queen's speech on Monday. It typically lists the main priorities and legislation the government aims to pass.

The idea of using dormant aircraft was included in a list of recommendations in a government review earlier this year conducted after the collapse of Monarch Airlines in 2017, which left more than 100,000 tourists stranded overseas.

"Being able to make use of existing assets and staff in order to get people home will help to cut the costs of these repatriation efforts when they occur, make repatriation easier to deliver and also reduce the disruption felt by passengers," Shapps said.

BANGLADESH KRISHI BANK

Md Ali Hossain Prodhania, managing director of Bangladesh Krishi Bank, attends a "Branch Managers' Conference" for its Chattogram division at the LGED auditorium in the port city yesterday.

GM appeals directly to employees as strike losses mount, riling UAW

REUTERS, *Detroit/Washington*

General Motors Co took the unusual step of appealing directly to its unionized employees in a blog post on Friday that laid out its latest offer aimed at ending a month-long strike, drawing an angry response from the union that the automaker was trying to "starve ... workers off the picket lines."

While emphasizing GM's commitment to the collective bargaining process, the letter, signed by Gerald Johnson, executive vice-president for global manufacturing, circumvents United Auto Workers (UAW) leadership and points to frustration at a lack of progress on ending a conflict that has already cost the company more than $1 billion.

The UAW strike began on Sept. 16, with the union's 48,000 members at GM seeking higher pay, greater job security, a bigger share of profit and protection of healthcare benefits. Credit Suisse estimated the loss could hit about $1.5 billion, and the Center for Automotive Research estimated the weekly costs to GM and the UAW strike fund at $450 million and $12 million, respectively.

As part of its revised offer, GM boosted the amount it plans to invest in the United States to about $9 billion from its previous offer of $7 billion, a source familiar with the offer said.

Of the new total, $7.7 billion would be invested directly in GM plants, with the rest going to joint ventures including a potential battery plant near the Lordstown, Ohio, factory that has been idled, the source said.

GM stock closed up 2.6 percent at $35.57 on Friday.

The company said the offer also includes increased compensation through wages and one-time payments, preserving industry-leading healthcare benefits without increasing workers' costs, enhanced profit sharing with unlimited upside and a higher ratification bonus than the $8,000 previously offered.

For temporary workers, GM said its offer would create a path to permanent employment and include a ratification bonus.

"The strike has been hard on you, your families, our communities, the company, our suppliers and dealers," Johnson said. "We have advised the union that it's critical that we get back to producing quality vehicles for our customers."

The UAW in a statement said GM was "playing games at the expense of workers" and accused the automaker of "purposefully stalling the process to starve UAW-GM workers off the picket lines."

"At every step of the way, GM has attempted to undermine the ongoing, good-faith efforts the UAW has made to end this strike," the union said.

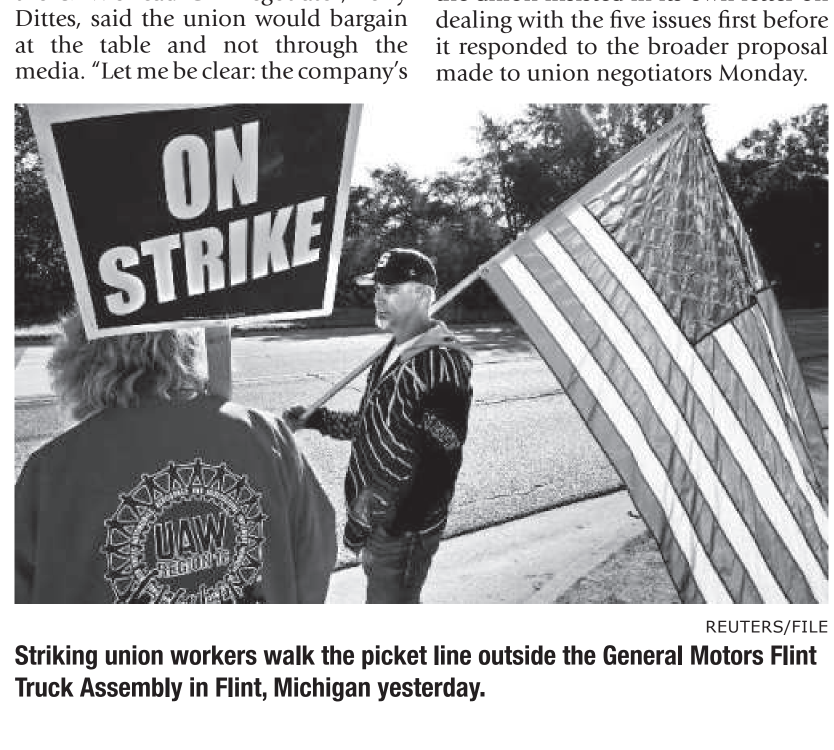
In a subsequently released video the UAW's lead GM negotiator, Terry Dittes, said the union would bargain at the table and not through the media. "Let me be clear: the company's strategy of releasing half-truths does nothing to reach a final settlement."

GM responded with a statement from its senior vice president of communications, Tony Cervone: "The goal of our communication has been to inform – not incite. We will continue to provide information in a straightforward, and importantly, factual way."

Nevertheless, negotiations continued after that exchange and late on Friday the UAW said it had given GM a counterproposal that covered five unresolved issues the two sides have been discussing, Dittes said in a letter. "If GM accepts and agrees to this group of proposals, we will have a tentative agreement," he said.

GM declined to comment on the new union proposal.

In a Thursday letter to UAW leaders, GM urged the union to agree to around-the-clock negotiations, while the union insisted in its own letter on dealing with the five issues first before it responded to the broader proposal made to union negotiators Monday.



REUTERS/FILE

Striking union workers walk the picket line outside the General Motors Flint Truck Assembly in Flint, Michigan yesterday.

Fed launches Treasury bill buys in bid for 'ample' reserves

REUTERS

The Federal Reserve said on Friday that it will start buying about $60 billion per month in Treasury bills to ensure "ample reserves" in the banking system, but emphasized the new program does not mark a change in monetary policy.

The purchases, which will begin Oct. 15, respond to recent disruptions in short-term money markets that pushed the target federal funds rate to the top of its target range, and at least once above it. The "technical" program, which Fed Chair Jerome Powell had signaled earlier this week was on its way, will continue at least until the second quarter of 2020, the central bank said.

The central bank also said it would continue to inject cash into overnight lending markets until January by offering daily operations in the market for repurchase agreements, or repos. But it said that the balance sheet expansion is meant to wean money markets off of the daily operations by bringing reserves to a level that accommodates economic growth but is also enough to absorb any spikes in demand.

But the size of the monthly Treasury purchases will be adjusted as the Fed learns more about how much liquidity is needed in the banking system. The US central bank began offering daily repo operations in mid-September after the repo rate, which is viewed as a measure of liquidity, spiked to 10 percent from about 2.25 percent. The daily operations are meant to ensure there are ample reserves available during spikes in demand.

Some investors said Friday's announcement is a sign that the Fed is willing to act as needed to stabilize short-term interest rates.

"The Fed will do whatever it needs to do to keep funding rates near where they want them," said Ward McCarthy, chief financial economist for Jefferies in New York. "If this proves to be insufficient they'll simply do more."

Central bank officials anticipated they would one day need to resume expansion of the balance sheet to keep operating under a system of "ample reserves." Through that approach, the Fed sets monetary policy by controlling the interest rate charged on reserves instead of conducting daily market operations.

The Fed will initially aim to bring reserves to about $1.5 trillion, the level seen in early September, before a liquidity crunch led to a spike in short-term rates. But some strategists say the right level of reserves is between $1.6 trillion and $1.8 trillion.

US President Donald Trump has been railing against Powell and his colleagues for months, demanding first that the Fed stop shrinking the balance sheet and more recently to ease monetary policy outright.

The US central bank on Friday was at pains to emphasize that its new balance sheet operations were not a response to that call, and are entirely different from the trillions of dollars of Treasuries and mortgage-backed securities purchases it made during and after the financial crisis.

Those bond buys, known as quantitative easing, or QE, were designed to push down longer-term interest rates to spur borrowing and investment. The new purchases, of short-term bills, are simply meant to keep money markets operating smoothly.

It's a message that Powell, Dallas Fed President Robert Kaplan and other policymakers have reiterated since the policy was foreshadowed earlier in the week: This is not quantitative easing.

The Treasury purchases will therefore have "little if any" meaningful effect "on household and business spending decisions and the overall level of economic activity," the Fed said, repeating that explanation three times for emphasis in a statement Friday accompanying its announcement.

Markets for the most part agreed.

Still, the spread between three-month US3MT=RR and 10-year yields US10YT=RR, the Federal Reserve's preferred measure of the yield curve, on Friday widened by the most since May 7. The curve had been mostly inverted since May 22 before moving into positive territory on Friday.

REUTERS/FILE

The Federal Reserve building is pictured in Washington.

SOCIAL ISLAMI BANK

Quazi Osman Ali, CEO of Social Islami Bank, attends its "Quarterly Business Conference 2019" at the Dhaka Regency Hotel and Resort yesterday.

Premier Cement gets new COO

STAR BUSINESS DESK

Tarique Kamal has recently joined Premier Cement Mills as chief operating officer (COO) effective from October 1.

He was previously head of sales and distribution at Arla Foods Bangladesh, according to a statement. He also worked at British American Tobacco Bangladesh.

He obtained his bachelor's and master's degrees from the Institute of Business Administration under the University of Dhaka.

Infosys revises forecast on upbeat client demand

REUTERS, *Bengaluru/New Delhi*

India's second-largest software services exporter, Infosys Ltd, on Friday raised the low end of its revenue forecast for the year on upbeat demand for its digital services from Western clients.

The Bengaluru-headquartered company said it expected revenue to grow between 9 percent and 10 percent on a constant currency basis in the year ending March 2020, compared with its previous forecast of between 8.5 percent and 10 percent. Infosys and its Indian rivals first gained prominence by offering low-cost IT solutions to Western clients.

But as customers demand traditional services like routine infrastructure maintenance for less money, the firms are betting big on digital services such as cloud computing, big data and analytics to grow.

"Digital is becoming more and more central in terms of clients," Chief Executive Salil Parekh told reporters in the tech hub of Bengaluru. Revenue from digital offerings totalled 38.3 percent of Infosys' overall sales in the quarter.

Brokerage Emkay Global Financial Services said it was surprised that Infosys had not raised the upper end of its revenue forecast despite strong order bookings and sales performance in the first half of the year.

Innovation key to sustainable business

FROM PAGE B1

The key focus was to drive innovation within different sectors and harness the skillset to drive innovation, adding value to the lives of people and helping them pursue inclusive growth.

The summit was followed by the Bangladesh Business Innovation Award 2019 that recognised the vibrant community of innovators – from startups to established companies – and its breakthrough creations and ideas.

The award was given across 10 categories and all the nominated campaigns were selected through rigorous jury sessions, according to a press release.

The Summit and the Award are the initiatives of the Bangladesh Innovation Conclave, which is organised by the Bangladesh Brand Forum.

Newton Howard, professor of neuro-computation, neurosurgery and mathematics at the University of Oxford; Prof Syed Ferhat Anwar, director of the Institute of Business Administration under the University of Dhaka; Syed Mahbubur Rahman, managing director of Dhaka Bank; Anir Chowdhury, policy adviser of the Access to Information, and Sabbir Hasan Nasir, executive director of ACI Logistics, also spoke.

Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry, Dhaka; Md Sirazul Islam, executive chairman of the Bangladesh Investment Development Authority; Arif Ud Dowla, managing director of ACI; Munawar Misbah Moin, managing director of Rahimafrooz Renewable Energy; Tanzeen Ferdous, marketing director for homecare, foods and refreshment at Unilever Bangladesh, and MM Monirul Alam Tapan, managing director at Guardian Life Insurance, also shared their thoughts.

More companies back away from Facebook's Libra coin

AFP, *San Francisco*

Facebook's digital currency alliance lost more companies on Friday amid heavy criticism from regulators around the world on the planned Libra global cryptocurrency.

Credit card giants Visa and Mastercard, online marketplace eBay and digital payments firm Stripe each announced they had changed their minds about being founding members of the Libra Association assembled to promote the digital currency.

"Mastercard has decided it will not become a member of the Libra Association at this time," the company said in an emailed statement.

"We remain focused on our strategy and our own significant efforts to enable financial inclusion around the world. We believe there are potential benefits in such initiatives and will continue to monitor the Libra effort." A Visa spokesperson offered a similar statement, indicating the company was dropping out of the alliance but could rejoin in the future.

"We will continue to evaluate and our ultimate decision will be determined by a number of factors, including the association's ability to fully satisfy all requisite regulatory expectations," Visa said.

Silicon Valley-based eBay said: "We highly respect the vision of the Libra Association; however, eBay has made the decision to not move forward as a founding member." Stripe also said it will follow the progress of Libra and remain open to working with the association at a later date.

"Stripe is supportive of projects that aim to make online commerce more accessible for people around the world," Stripe said. "Libra has this potential." The moves come after US senators sent letters to several financial firms noting that they could face "a high level of scrutiny from regulators" if they participated in the new currency plan.

Last week, digital payments firm PayPal said it was quitting the alliance of companies and organizations promoting Libra.

The Libra Association did not immediately return a request for comment.

The move comes with Facebook's planned digital coin Libra facing heavy criticism from regulators and lawmakers in the United States and Europe. Facebook executives have claimed the new digital coin could help lower costs for global money transfers and help those without access to the banking system.

French economy and finance minister Bruno Le Maire has warned that under current circumstances, Libra posed a threat to the "monetary sovereignty" of governments and could not be authorized in Europe.

Facebook chief Mark Zuckerberg is set to testify October 23 hearing in the US House of Representatives on the Libra plan.

Traders oppose double fumigation of US cotton

FROM PAGE B1

The delegation had sought to witness the production facility as Chowdhury is currently Bangladesh's largest importer of US cotton. Currently, only US cotton undergoes the chemical therapy.

Dependence on the American fibre has been rising: it accounted for 11.14 percent of Bangladesh's requirement last year, up from 4 percent two years ago.

Chowdhury shared his import figures involving the US: 1.20 lakh bales costing $35 million a year.

"I import almost all of my required cotton from the US because of its better quality and timely shipments and deliveries," he said.

Chowdhury exports garment items worth $300 million, mainly to the US, by using the American cotton.

"Sometimes, I sell yarn and fabrics to local garment manufacturers and a majority of my materials are used in my own factories," he said.

William R Bettendorf, director of supply chain marketing for South and Southeast Asia of the Cotton Council International and the Cotton USA, echoed Chowdhury.

"Fumigation of US cotton in Bangladeshi ports is a major non-tariff barrier in trade between Bangladesh and the US," he said.

"We have already contacted different government bodies several times for the withdrawal of the system but still nothing happened," he said.

Many teams have tested US cotton several times but found no harmful insect, Bettendorf said.

American farmers and traders use modern ginning techniques so that the cotton does not pick up any contaminant during shipment and use at mills, he said.

Usually cotton from other countries do not undergo the extermination process but get the same treatment if they happen to travel on the same ship carrying US cotton destined for Bangladesh, said Monsoor Ahmed, secretary of the Bangladesh Textile Mills Association (BTMA).

African nations have recently surpassed India to become the largest source of cotton for Bangladesh as local spinners and millers look to cut down dependence on this vital raw material on a single source.

Last year, Bangladesh, the world's largest importer of cotton, met 37.06 percent of its requirement for the white fibre from imports from East and West African countries. India accounted for 26.12 percent of the total cotton imports, down from more than 60 percent two years ago, according to data from the BTMA, a platform of the primary textile sector.

Last year, 11.35 percent of the cotton came from the members of the Commonwealth of Independent States, 4.65 percent from Australia, and 9.65 percent from the rest of the world. Bangladesh imported 8.28 million bales of cotton (one bale equals to 282 kilogrammes) last year. In dollar terms, it is worth $3 billion.

Indian festival fails to buoy gold demand

REUTERS, *Bengaluru/Mumbai*

Gold demand in top-consumer China was subdued this week as investors awaited outcome of crucial trade negotiations with the United States, while purchases in India during a key festival were lower-than-usual because of higher prices.

India celebrated Dussehra festival on Tuesday, when buying gold is considered auspicious.

"Consumers were struggling to adjust (to) the higher prices. Jewellers across the country have reported nearly 50 percent drop in Dussehra sales from a year ago," Anantha Padmanabhan, chairman of the All India Gem and Jewellery Domestic Council (GJC) told Reuters.

Gold futures were trading around 38,100 rupees per 10 grams on Friday after hitting a record high of 39,885 rupees last month. Gold prices have risen more than 21 percent so far in 2019.

Dealers offered discounts of up to $20 an ounce on official domestic prices this week, slightly down from a discount of $21 last week. The domestic price includes a 12.5 percent import tax and 3 percent sales tax.

"We were hoping (the) market will come to premium this week due to Dussehra and lower imports, but demand was very weak," said a Mumbai-based dealer with a bullion importing private bank.

SHAHJALAL ISLAMI BANK

Akkas Uddin Mollah, chairman of Shahjalal Islami Bank, and M Shahidul Islam, CEO, attend a business review meeting with its 49 branches' officials from Dhaka and surrounding areas at PSC Convention Hall in Mirpur yesterday.

96pc Samsung sets assembled locally

FROM PAGE B1

Thanks to the factory, Fair Electronics is adding about 35 percent value to its products and within the next few years, the value addition will go up to 45 percent as it is planning to set up a PCBA motherboard manufacturing system.

PCBA or printed circuit board assembly motherboard is the main component of products such as mobile phones, tablets, laptops, and computers.

Once in place, the system will be a milestone for Bangladesh, Mahbub said.

"With Samsung Galaxy flagship products, we will move to assemble tablets at our plant -- there is huge demand for tablets in the market," said Mesbah Uddin, chief marketing officer of the company.

Of the total mobile phones in use in Bangladesh, only 30 percent are smartphones. Currently, Samsung is the top player in the smartphone segment in Bangladesh, with 31 percent market share in terms of volume and 48 percent share in terms of value.

While speaking about the challenges the market now faces, the high-ups of Fair Electronics said some companies are importing smartphones dodging taxes.

Seungwon Youn, country manager of Samsung, said it wants to be the major technological partner of Bangladesh as it was the first multinational mobile device company to set up an assembly plant in the country.

Samsung Mobile's Senior Director HD Lee and General Manager Bomin Kim were also present at the briefing.

Fair Electronics also assembles Samsung's home appliances such as refrigerators, air conditioners, microwave ovens and televisions.

SMARTPHONE IN INSTALMENT

Fair Electronics is planning to come up with an offer for entry-level executives and students, allowing them to buy mid-priced smartphones in instalments and at affordable prices.

Within the next 10 to 14 days, they will run the pilot project where customers can have the smartphones priced Tk 15,000 to Tk 20,000 in six to 12 instalments.

Interested customers can buy smartphones easily at almost zero down payment. They will only require to submit some cheques in advance, Mesbah said. No credit card payments will be required to buy the handsets.

Fair Electronics has already had offers for employees of a company and the scheme does not require them to submit any cheque.

The plant employs 1,000 skilled employees. Of them, 25 percent are female. A total of 50 engineers are employed there, including 10 from Samsung.

Digital tech can help narrow trade finance gap

KIJIN KIM *for ADB Blogs*

DIGITAL or financial technology – including mobile internet access, blockchain, artificial intelligence, and big data – can make international trade more efficient and support financing options.

Trade finance provides exporters and importers with effective tools to manage working capital and reduce risks related to trading across borders. Around 40 percent of global international trade is financed by banks through trade finance transactions such as letters of credit, loans, and guarantees. There are around $1.5 trillion of rejected trade finance applications globally in 2018, which is as much as 8 percent of global goods trade, according to the recent report, Trade Finance Gaps, Jobs, and Growth Survey. The Asia-Pacific region accounts for 40 percent of the total rejection.

The lack of financing acts as a significant barrier to trade, particularly for small and medium-sized enterprises in developing economies. These businesses are most affected as they tend to have higher rejection rates relative to larger firms. Around half of the rejections originate from small and medium sized enterprises. The survey shows that around 44% of the firms with rejected trade finance applications were unable to find appropriate alternative financing.

Here are three major challenges in meeting the unmet need for trade finance:

INEFFICIENCIES FROM PAPER-BASED TRANSACTIONS

A significant number of trade finance transactions still rely on paper-based documentation which is prone to delays and human error. Manual processing and handling can cause many payment errors, thus lead to delays in payment or even non-payment of transactions. For example, letter of credit transactions which are often paper-based may lead to multiple potential risk points including delays, additional costs incurred by manual labor, and financial fraud.

REGULATORY COMPLIANCE REQUIREMENTS

Compliance with anti-money laundering and know-your-customer regulations is an intensive process for both banks and firms. A majority of banks identify these requirements as one of the largest challenges for the industry to grow, although they are necessary to ensure sound cross-border transactions. Also, the new Basel III standards require banks to have more regulatory capital and liquidity.

INFORMATION ASYMMETRY

The third challenge is related to the fact that the amounts of information that lenders and borrowers have are different—so-called information asymmetry. Lenders usually require collateral or information on borrowers such as credit history to mitigate risks. Such requirements may not be available for some small businesses. Or it could be costly for banks to obtain, especially when dealing with small and medium-sized enterprises where the loan amounts and profits are small relative to the needs of bigger firms. Ironically, requirements to reduce information asymmetry may add more challenges to access to trade financing.

Fintech or financial technology makes use of mobile internet access, blockchain, artificial intelligence, and big data to improve access to information with fewer security concerns. These technologies can help improve efficiencies substantially at various stages of international trade. They help address the three challenges previously mentioned, and therefore draw more small and medium-sized enterprises into global trade.

For example, electronic bills of lading and other e-documents can greatly enhance process efficiency by reducing paperwork and facilitating transactions with customs. Blockchain and artificial intelligence can facilitate due diligence and payments for small businesses that have difficulty finding representative banks. Fintech firms using big data coupled with artificial intelligence can ease the costs of asymmetric information by providing alternate (non-bank) credit information.

We should note that digitalization is far from complete. High implementation costs are one reason it is not happening right now. A recent survey by the International Chamber Commerce shows that roughly 40% of responding banks said that digitalization was not part of their immediate agenda. Banks also find that the high cost of technology adoption is the biggest impediment in technology adoption, followed by lack of global standards, laws and rules for digital finance.

How can we strengthen our support for small and medium-sized enterprise trade finance through digital technology? It is important to create an environment in the medium to long term that can facilitate the adoption of digital technologies in trade finance. International standards in technology should also be encouraged to ensure interoperability and compatibility of various systems.

Three global initiatives are worth receiving support. First, the Digital Standards for Trade initiative aims to develop digital standards so different systems can be interoperable in the trade ecosystem. Next, the Global Legal Entity Identifier system can provide a global harmonized identity for all companies, large and small. It promotes transparency and security by enabling firms to have a unique identity. Thirdly, there has been little recognition or adoption of a legal framework nationally. E-title documents, e-promissory notes, and e-bills of lading are not yet recognized as legally equivalent to paper-based trade documents. Therefore, model laws created by the United Nations Commission on International Trade Law can help implement legislation toward paperless trade.

In parallel, national government and regional institutions should increase their support for trade finance, for example, through export credit agencies and trade finance programs. Knowledge gaps should be reduced since small and medium-sized enterprises often lack awareness of trade finance products and public assistance programs.

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US outlines phase 1 trade deal with China

Suspends October tariff hike

REUTERS

US Trade Representative Robert Lighthizer talks to China's Vice Premier Liu He during a meeting with US President Donald Trump in the Oval Office at the White House in Washington on October 11.

REUTERS, *Washington*

US President Donald Trump on Friday outlined the first phase of a deal to end a trade war with China and suspended a threatened tariff hike, but officials on both sides said much more work needed to be done before an accord could be agreed.

The emerging deal, covering agriculture, currency and some aspects of intellectual property protections, would represent the biggest step by the two countries in 15 months to end a tariff tit-for-tat that has whipsawed financial markets and slowed global growth.

But Friday's announcement did not include many details and Trump said it could take up to five weeks to get a pact written.

He acknowledged the agreement could fall apart during that period, though he expressed confidence that it would not.

"I think we have a fundamental understanding on the key issues. We've gone through a significant amount of paper, but there is more work to do," US Treasury Secretary Steven Mnuchin said as the two sides gathered with Trump at the White House. "We will not sign an agreement unless we get and can tell the president that this is on paper."

With Chinese Vice Premier Liu He sitting across a desk from him in the Oval Office after two days of talks between negotiators, the president told reporters that the two sides were very close to ending their trade dispute.

"There was a lot of friction between the United States and China, and now it's a lovefest. That's a good thing," he said.

Liu took a different tone in his remarks, however.

"We have made substantial progress in many fields. We are happy about it. We'll continue to make efforts," Liu said.

China's official state-owned news organization Xinhua said that both sides "agreed to make the efforts towards a final agreement."

In an editorial published online by the state-run People's Daily newspaper on Saturday, China called the latest round of talks constructive, frank and efficient and noted that while the two sides were moving toward a resolution, "it is impossible to resolve the problem by putting arbitrary pressure on the Chinese side."

Trump, who is eager to show farmers in political swing states that he has their backs, lauded China for agreeing to buy as much as $50 billion in agricultural products. But he left tariffs on hundreds of billions of dollars of Chinese products in place.

His announcement, while seen as progress, drew some scepticism.

"I'm unsure that calling what was announced by President Trump an agreement is justified," said Scott Kennedy, a China trade expert at the Center for Strategic and International Studies in Washington.

"If they couldn't agree on a text, that must mean they're not done. Wishing an agreement does not one make. This isn't a skinny deal. It's an invisible one."

Mnuchin said the president had agreed not to proceed with a hike in tariffs to 30 percent from 25 percent on about $250 billion in Chinese goods that was supposed to have gone into effect on Tuesday.

To save climate, tax carbon at $75 per tonne: IMF

AFP, *Washington*

THE world's biggest carbon polluting nations should jointly agree to tax emissions at $75 per tonne in the next decade to keep climate change at safe levels, the International Monetary Fund said Thursday.

The global crisis lender's call for immediate action confronts a policy dilemma that has left major economies rife with discord in recent years as they battle to prevent catastrophic warming of the planet.

"Carbon taxes are the most powerful and efficient tools but only if they are implemented in a fair and growth-friendly way," IMF researchers said in a blog post.

After violent protests last year, France suspended plans to raise carbon taxes beyond $50 per tonne. Meanwhile, US President Donald Trump has moved to withdraw the United States from the 2015 Paris Agreement and some American lawmakers have advanced a "Green New Deal" to invest in de-carbonizing the economy.

The report was released ahead of next week's annual meetings of the IMF and World Bank at which newly installed IMF Managing Director Kristalina Georgieva is expected to urge member countries to action.

Taxing emissions -- raising the cost of carbon-intensive energy for electricity, travel, manufacturing, shipping and food -- is the most efficient way to prevent global average temperatures from rising more than 2 degrees Celsius (3.6 Fahrenheit) above pre-industrial levels, the goal set in the Paris accord, according to the IMF research published Thursday.

While the current global average cost is $2 per ton, a coordinated increase to $75 by 2030 among the largest emitters in the Group of 20 economies would be the most likely to succeed.

A common approach would prevent "free-rider" countries from benefiting from reforms made by other nations and allow industries within countries to remain competitive with those in other nations, the report said.

But IMF researchers acknowledge the daunting and unequal costs this could impose.

Coal prices would more than triple. Electricity would shoot up by more than 30 percent in Canada and by between 70 and 90 percent in Australia. Gasoline prices would rise by between five and 15 percent in most countries, according to the report.

But environmental benefits would more than offset such costs -- by 2030, a $75 per ton tax would prevent an estimated 725,000 premature air pollution deaths, mainly in China, according to the report.

And consumers and firms eager to keep costs will have an immediate incentive to avoid emissions and invest in cleaner energy.

Tax revenues could be used to make such changes politically acceptable: targeted assistance to poor and vulnerable households, displaced workers and regions hit disproportionately by the transition.

Offsetting cuts to payroll and income taxes, combined with dividends to the public, could make the transition more politically palatable, the report said.

India's passenger vehicle sales dive 24pc as slowdown persists

REUTERS, *New Delhi/Bengaluru*

INDIA'S passenger vehicle sales slumped 23.7 percent in September, the eleventh straight month of declines, prompting an industry body to flag more job cuts if sales failed to pick up soon.

Passenger vehicle sales dropped to 223,317 units in September, the Society of Indian Automobile Manufacturers (SIAM) data showed, while passenger car sales dived 33.4 percent to 131,281 units.

SIAM's data comes as the domestic automobile industry faces a crippling slowdown in demand that has led to production cuts and thousands of job losses. The industry is seeing its longest ever streak of sales decline.

"We are preparing for best-case and worst-case scenarios ... worst case there will be more production and job cuts," said SIAM president Rajan Wadhera.

Car and auto component makers have cut thousands of jobs and halted some production as the industry grapples with various challenges amid a broader economic slowdown. The government stepped in last month, announcing a corporate tax rate to boost manufacturing and lift growth.

On Friday, SIAM's Wadhera said it expected some improvement in the situation on the back of the festive season.

However, Wadhera refrained from giving out a forecast for future sales, saying SIAM would maintain a cautious stance until October performance numbers are in.

Aggregate revenue for listed automobile companies is estimated to have dropped by one-fourth in July-September, CRISIL, the Indian arm of S&P rating agency, said in a note on Thursday.