Property investors turn to SE Asia amid Hong Kong unrest

AFP, *Kuala Lumpur*

From luxury Singapore apartments to Malaysian seafront condos, Hong Kong investors are shifting cash into Southeast Asian property, demoralised by increasingly violent protests as well as the China-US trade war.

Millions have taken to the streets during four months of pro-democracy demonstrations in the southern Chinese city, hammering tourism while also forcing businesses to lay off staff -- and the property sector is feeling the pain.

Property stocks in one of the world's most expensive housing markets have plummeted since June, with developers being forced to offer discounts on new projects and cutting office rents.

Hong Kong businessman Peter Ng bought a condominium on the Malaysian island of Penang -- which has a substantial ethnic Chinese population and is popular among Hong Kongers -- after the protests erupted.

"The instability was a catalyst for me," the 48-year-old stock market and property investor told AFP, adding he was worried about long-term damage to the Hong Kong economy if the unrest persists.

"Investors will always look at things like that, political stability."

And Derek Lee, a Hong Kong businessman who owns a Penang apartment, said he knew others in the semi-autonomous city who were considering investing in Southeast Asian property because of the unrest.

"People are thinking about how to quicken their ideas, how to make a more stable life," the 55-year-old told AFP. Adding to the allure of Malaysia is its relative affordability and prices much lower than Hong Kong.

The Malaysia site of Southeast Asian real estate platform Property Guru has seen a 35 percent increase in visits from Hong Kong, according to its CEO Hari Krishnan.

While Hong Kong's protests are primarily pushing for greater democratic freedoms and police accountability, the summer of rage has been fuelled by years of simmering anger towards Beijing and the local government over falling living standards and the high costs of living.

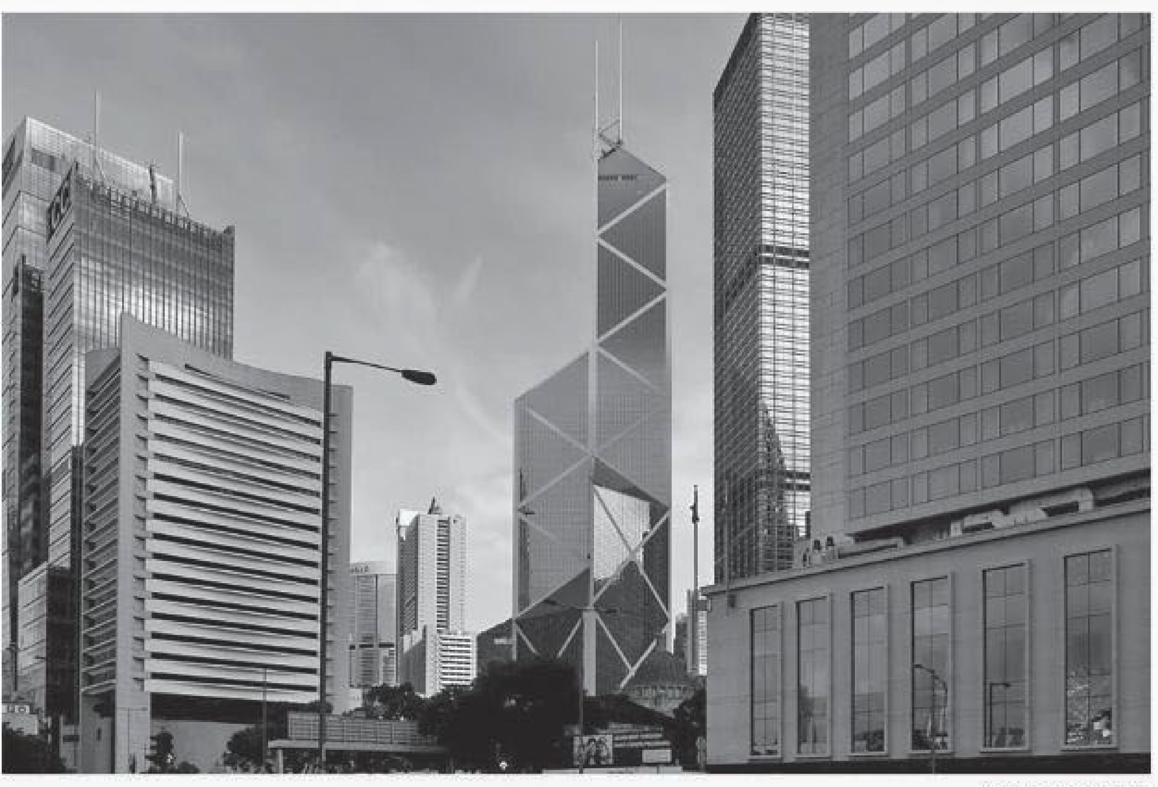
Hong Kong's property market is one of least affordable in the world with sky-high prices fuelled, in part, by wealthy mainlanders snapping up investments in a city which has failed for years to build enough flats to meet demand.

But now mainland Chinese, who traditionally viewed property in Hong Kong as a safe investment, are opting for rival financial hub Singapore as a result of the protests and the US-China trade war, according to observers.

There has been a jump this year in sales of luxury apartments in the city-state -- which like Hong Kong is known for pricey property -- driven partially by mainland Chinese buyers, according to the consultancy OrangeTee & Tie.

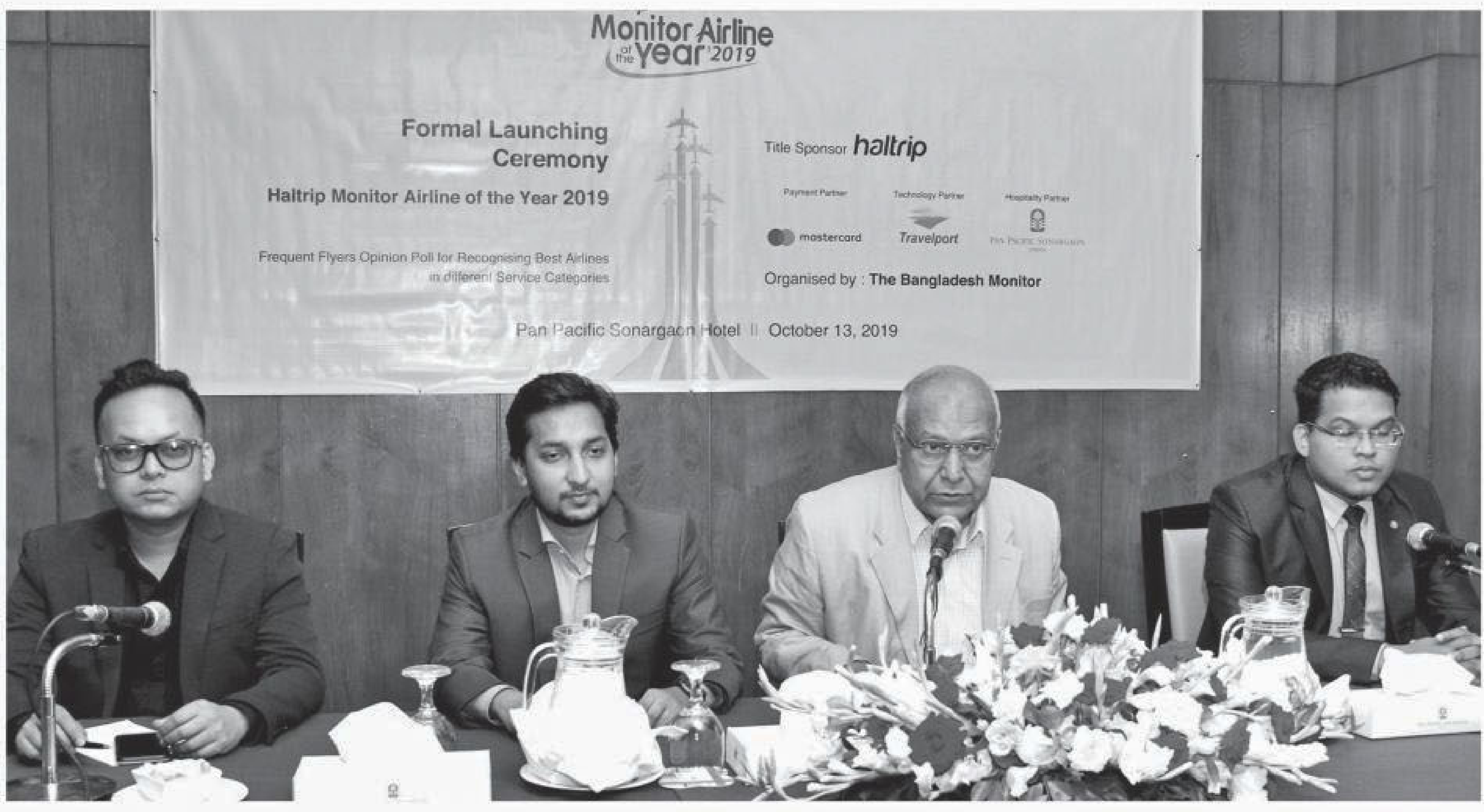
"The protests in Hong Kong have made some of the (mainland Chinese) based there... (more concerned) about investing in Hong Kong real estate, so they carry that investment to Singapore," said Alan Cheong, executive director of the research and consultancy team at Savills.

As well as hitting China's economy, trade tensions may have discouraged some Chinese from investing in the West and pushed them towards Singapore, with its mostly ethnic Chinese population.



REUTERS/FILE

Office buildings are seen at the financial district in Hong Kong.



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Kazi Wahidul Alam, editor of The Bangladesh Monitor, speaks at the launch of "Haltrip-Monitor Airline of the Year 2019", an opinion poll of the frequent flyers, at a hotel in Dhaka yesterday. The travel fortnightly is conducting the opinion poll to recognise the airlines operating in Bangladesh for their services.

India may restrict imports of palm oil from Malaysia

REUTERS, *New Delhi/Mumbai*

India is considering restricting imports of some products from Malaysia including palm oil, according to government and industry sources, in reaction to the Southeast Asian country's leader criticizing New Delhi for its actions in Kashmir.

India is looking for ways to limit palm oil imports and may place restrictions on other goods from the country, said a government source and an industry source who participated in discussions led by the Ministry of Commerce and Industry on the planned restrictions.

The sources asked not to be named as the proposal was still under discussion.

India's government was angered after Malaysian Prime Minister Mahathir Mohamad said last month at the United Nations that India had "invaded and occupied" Jammu and Kashmir and asked New Delhi to work with Pakistan to resolve the issue.

Muslim-majority Kashmir is divided between India and Pakistan, which both claim it in full and have twice gone to war over the territory. India revoked the special constitutional status of its portion of Kashmir in August, angering Pakistan.

The government wants to send a strong signal of its displeasure to Malaysian authorities, the sources said. India, the world's biggest importer of edible oils, is planning to substitute Malaysian palm oil with supplies of edible oils from countries such as Indonesia, Argentina and Ukraine, said the sources.

Palm oil accounts for nearly two-thirds of India's total edible oil imports. India buys more than 9 million tonnes of palm oil annually, mainly from Indonesia and Malaysia.

In the first nine months of 2019 India was the biggest buyer of Malaysian palm oil, taking 3.9 million tonnes, according to data compiled by the Malaysian Palm Oil Board.

A spokeswoman for India's commerce ministry said the ministry could not comment on things that were under consideration.

Malaysia's prime minister on Friday said he had not received "anything official" from India, after Reuters first reported that India was mulling restricting imports of Malaysian palm oil and other products.

BASIS recognises ICT icons

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The 29 champions have also been selected along with seven other projects to take part in the annual Asia Pacific ICT Alliance Awards (APICTA Awards), which will be held at Ha Long Bay in Vietnam next month.

This is the third national ICT award from BASIS. They gave away 42 awards in 2017 and 76 awards in 2018.

This year, the association received 1,175 applications and 225 of them got the opportunities to present their projects for the event.

BASIS President Syed Almas Kabir said the association is recognising the innovative and prospective ICT projects of Bangladesh.

"Through a robust judging process, the best projects have been selected for award."

Of the awardees, Analyzen Bangladesh Ltd, a local software firm, became champion in three categories -- finance and accounting business solutions, marketing business solutions and digital marketing/advertising segments.

This is thrilling that more than 1,000 participants contested in the event, the information minister said. "The winners will bring glory for Bangladesh in the upcoming APICTA Awards."

Digitalisation is taking place in every area of public administration as part of an initiative of the government, the state minister for public administration said.

Stocks slump for fifth day

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Last month, with a view to boosting the ailing stock market the central bank widened the scope for banks to invest in the stock market by offering loans through repo.

A merchant banker said investor confidence was hit by the liquidation of People's Leasing too.

On the other hand, the government announced some other non-bank financial institutions are also on the verge of liquidation.

A top official of the Bangladesh Securities and Exchange Commission (BSEC) said they can provide policy support but cannot force people or institutions to invest in stocks.

"In the last few months we have provided many policy support along with the central bank. Even after that, stocks are falling. What can we do now?"

Yesterday, turnover, another important indicator of the DSE, plunged 9.03 percent to Tk 298.19 crore.

National Tubes topped the turnover chart with its transaction of Tk 25.23 crore, followed by Wata Chemicals, Bangladesh Submarine Cable, Monno Jute Stafflers and Bangladesh Shipping Corporation.

Of the traded issues, 41 advanced, 267 dropped and 37 remained the same.

Chittagong stocks also fell, with the bourse's benchmark index, CSCX, declining 86.13 points, or 0.96 percent, to finish the day at 8,814.43.

Losers beat gainers as 181 declined and 30 advanced, while 25 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded shares and mutual fund units worth Tk 14.33 crore.

Tax collection off to a slow start

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The NBR would be given increased manpower to collect the increased amount of revenue.

"Many affluent people do not pay the amount of tax they should. But they spend a lot on shopping abroad. If they pay their tax properly the economy will get a lot of tax revenue," the minister said.

He went on to ask the taxmen to show zero tolerance in ensuring compliance.

"I have come with great hopes -- do not let me down," Kamal added.

At the meeting, NBR Chairman Md Mosharraf Hossain Bhuiyan said the revenue collection was down in the first two months in the last fiscal year.

In comparison to that, the collection was higher this year, he said, adding that long Eid holidays were one of the main factors for the lower collections in August.

He went on to assure that collections would increase in the coming months.

Japan firms see 'Abenomics' sputtering, tax hike hurting economy

REUTERS, *Tokyo*

Japanese companies overwhelmingly think the nation's longest postwar expansion is peaking, with two-thirds expecting a tax hike imposed this month by Prime Minister Shinzo Abe to hurt the economy, a Reuters poll showed on Friday.

Almost all the firms in the monthly Reuters Corporate Survey said the world's third-biggest economy will level off or fall into recession in coming months, which would mark an end to the "Abenomics" expansion that the premier launched in late 2012.

And while most of the firms still don't want the Bank of Japan to increase its stimulus, that opposition has weakened sharply over the past quarter as the U.S-China trade war has clouded prospects for global growth and export-reliant Japan.

Abe says the increase in the national sales tax, which he had twice delayed, is crucial to reining in the industrial world's heaviest debt burden - more than twice Japan's annual $5 trillion output. But the higher levy could cool consumer spending, triggering a recession, analysts fear.

The Reuters survey found 69 percent of firms expect the tax hike to weigh on growth, 26 percent see no impact and 5 percent think it could boost the economy.

"The tax hike will hurt consumer sentiment considerably, which will exert an unpredictable impact on the Japanese economy," a manager at a food-processing company wrote in the survey.

Some 58 percent expect the economy to level off heading into next year, while 41 percent predict a recession, the survey found. Just 1 percent see the economy growing after the tax increase.

Economists in a Reuters poll last month forecast the economy will grow 0.8 percent in the fiscal year to March, up from the 0.5 percent predicted a month earlier.

"A combination of a post-tax hike decline in demand and a sputtering global economy will clearly exert downward pressure on Japan's economy," said Yoshimasa Maruyama, chief economist at SMBC Nikko Securities.

REUTERS/FILE

A man chooses goods underneath banners notifying the rise in the national sales tax at a store in Tokyo.

He forecasts a recession for Japan, with the economy contracting for the two quarters through March. Companies in the Reuters survey that expected a recession largely think it will last at least a year, with a quarter expecting it to hit bottom late next year and 56 percent seeing the slump dragging into 2021 or beyond.

Japan's coincident economic indicator fell in August, the Cabinet Office said this week, downgrading its assessment of the key gauge to "worsening," which can presage a recession. Last month the office maintained its overall assessment that the economy continues to recover moderately.

The Reuters Corporate Survey, conducted Sept. 26-Oct. 7 for Reuters by Nikkei Research, canvassed 504 big and midsize nonfinancial companies, of which 230-240 firms responded to the various questions, on condition of anonymity.

As the economic outlook clouds, opposition to further easing from the central bank is waning, the survey found.

Haruhiko Kuroda, installed by Abe as BOJ governor six and a half years ago to spur growth and end decades of deflation, has driven the most aggressive asset purchases among major central banks, pushing some interest rates below zero.

But while Kuroda vowed to stoke inflation to 2 percent in two years, the BOJ has generated price rises of less than half of that, while ultra-low interest rates are hurting banks by crimping lending margins.

Bangladesh second in South Asia in GDP growth: WB

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In the Maldives, growth is expected to reach 5.2 percent in 2019 while it is projected to average 6.5 percent in Nepal over this and the next fiscal year. Afghanistan is expected to recover and reach 3 percent in 2020 and 3.5 percent in 2021.

In line with a global downward trend, growth in South Asia is projected to slow to 5.9 percent in 2019, down 1.1 percentage points from April 2019 estimates, casting uncertainty about a rebound in the short term.

The report finds that strong domestic demand, which propped high growth in the past, has weakened, driving a slowdown across the region.

"Declining industrial production and imports, as well as tensions in the financial markets reveal a sharp economic slowdown in South Asia," said Hartwig Schafer, vice-president of the World Bank for South Asia, in a statement.

As global and domestic uncertainties cloud the region's economic outlook, South Asian countries should pursue stimulating economic policies to boost private consumption and beef up investments, he added.

In a focus section, the report highlights how—as their economies become more sophisticated—South Asian countries have made decentralisation a priority to improve the delivery of public services.

With multiple initiatives underway across the region to shift more political and fiscal responsibilities to local governments, the report warns, however, that decentralisation efforts in South Asia have so far yielded mixed results. For decentralisation to work, central authorities should wield incentives and exercise quality control to encourage innovation and accountability at the local level.

Rather than a mere reshuffling of power, the report calls for more complementary roles across tiers of government, in which national authorities remain proactive in empowering local governments for better service delivery.

Decentralisation in South Asia has yet to deliver on its promises and, if not properly managed, can degenerate into fragmentation, said Hans Timmer, chief economist of the WB for South Asia.

"To make decentralisation work for their citizens, we encourage South Asian central governments to allocate their resources judiciously, create incentives to help local communities compete in integrated markets and provide equal opportunities to their people."

Massive cuts in short code tariffs

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"A good number of government and commercial entities have already introduced the short code system, which has taken government services to the door steps of the citizens," said Md Jahurul Haque, chairman of the telecom regulatory body.

There are commercial short codes and almost all of them started with 16XXX, which is much higher priced compared to the government ones.

Mobile operators said they are now bound to send a large number of call minutes and crores of texts for free daily on behalf of the government.

"This is a commercial issue and it should be negotiated bilaterally," said SM Farhad, secretary general of the Association of Mobile Telecom Operators of Bangladesh.

Farhad said they have already communicated with the BTRC and is hopeful that they will consider it.

It is to be noted that mobile operators are already providing several free voice services to government agencies such as fire service, 999 and so on and that comes with huge costs, he added.

Earlier in August 2018, the BTRC increased the minimum charge to Tk 0.45 per minute from Tk 0.25 per minute, which has increased customers' costs too.

Union leaders urge Sanofi to stay

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Some social activities dependent on the corporate social responsibility programmes of Sanofi will have to be discontinued if it exits, he said.

Expressing solidarity with the Sanofi employees, Kutubuddin Ahmed, secretary general of the IndustriAll Global Union – Bangladesh Council, said it is damaging that the Sanofi is leaving the country at a time when Bangladesh has been on development trajectory.

Ruhul Amin, president of the IndustriAll Bangladesh Council, suggested Sanofi pay compensation, salary and allowances to every employee fixing the age of workers at 60 years.

He blamed a top official for the potential departure of Sanofi.

Razekuzzaman Ratan, general secretary of the Samajtantrik Sramik Front, said owners usually shut down factories for labour unrest.

But, Sanofi is different as the owners have been planning to shut down the company despite making profits since its inception in the country.

Sanofi has opened its business in Bangladesh following some rules and if it wants to depart, it will have to follow some rules of the country, he said.

Sanofi has been making profits for years with the help of the workers but is now planning to close the operations rendering them unemployed, Ratan said, suggesting that the government seize all the assets of Sanofi if it leaves the country.