DBBL

Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, opens the bank's 190th branch at Khilgaon in Dhaka yesterday.

China to ease foreign investments curbs, says vice minister

REUTERS, *Beijing*

China will eliminate all restrictions on foreign investments not included in its self-styled "negative lists", a vice commerce minister said on Tuesday, signalling upcoming directives.

It will also "neither explicitly nor implicitly" force foreign investors and foreign companies to transfer technologies, Wang Shouwen told a news conference in Beijing.

Such transfers have been a major source of tension between China and the United States, which have been embroiled in a trade war for over a year.

The 'negative lists' specify industries in which investors, foreign or domestic, are restricted or prohibited.

"We will move faster to open up the financial industry," said Wang,

Wang Shouwen

eliminating all restrictions on the scope of business for foreign banks, securities companies and fund managers.

Policies will also be fine-tuned to ensure foreign and domestic players have equal market access to manufacturing new-energy vehicles, he said. The new measures are intended to ensure stable foreign investment and create a transparent, predictable investment environment, Wang said.

Chief US and Chinese trade negotiators talked on the phone recently and will speak again soon, Geng Shuang, China's Foreign Ministry spokesman told a separate news conference. He did not give a timeframe.

US President Donald Trump agreed this month to cancel an Oct. 15 increase in tariffs on $250 billion (£195 billion) in Chinese goods as part of a tentative agreement on agricultural purchases, increased access to China's financial services markets, improved protections for intellectual property rights and a currency pact.

Indian steelmakers face debt challenges after ill-timed bets

REUTERS, *Mumbai/New Delhi*

India's biggest steelmakers may be suffering from buyer's remorse as assets they bought from bankrupt rivals stretch their bottom lines while market conditions have worsened.

Less than 18 months after scooping up these distressed assets in the hopes of extracting value and boosting market share, the steelmakers are struggling to meet sales and production targets because of a slowdown in the key construction and auto sectors.

Tata Steel Ltd, JSW Steel Ltd and others are also wrestling with falling revenues amid high debt loads.

"The operating environment has changed from when they bid for these plants," said Amit Dixit, senior steel analyst with brokerage firm Edelweiss Financial Services. "So their payback period obviously gets elongated now."

Steel prices were high and demand was booming then. Now, confronted with falling prices and slower consumption, steelmakers are facing the risk of credit downgrades, job losses and cuts in capital expenditure.

Arnab Kumar Hazra, assistant secretary general at the Indian Steel Association, an industry group that also represents major steel producers, noted companies would take a longer time to turn their assets around in the current environment.

A deepening credit crunch in India's shadow banking industry following the collapse of a major infrastructure lender in 2018 has sharply dented spending on cars and real estate in India.

Domestic steel consumption in September was at its lowest since the start of the fiscal year 2019/20, according to official data.

A synchronised global economic slowdown amid the U.S.-China trade war has compounded the problem, quashing global steel consumption and intensifying competition among exporters.

JSW Steel Ltd, which bought Monnet Ispat & Energy Ltd in September last year, had promised to turn it around within a year but now says it will take another year.

The company will also miss its sales and production target for 2019/20 by 3 percent and has had to cut its capital expenditure by a third, said Seshagiri Rao, JSW's joint managing director and group chief financial officer.

"There is a credit squeeze, there is prolonged monsoon, a weaker government expenditure and fall in consumer demand," Rao said.

Tata Steel, which bought specialty steel firm Usha Martin Ltd in April, told Reuters the turnaround of the company would be delayed.

Tata Steel and JSW are not alone.

The world's biggest steelmaker ArcelorMittal and partner Nippon Steel and Sumitomo Metal Corp, which committed $6 billion to acquire a 10 million tonne steel plant in India, will face similar issues, analysts have said.

The problems afflicting the steel majors, which together control over half the country's total steel production, have already surfaced among mid-sized firms.

"Inventory is high, debtor days have extended, and most mid-level steel companies are now contemplating job cuts," said R.K. Goyal, managing director of Kalyani Steels Ltd which relies heavily on the automotive sector for steel orders.

The credit crunch and slowdown in autos and real estate pushed India's GDP growth to a six-year low of 5 percent in the April-June quarter, in a troubling sign for the steel sector whose fortunes are closely tied to the broader economy.

The extent of the slowdown is prompting companies to revise capital expenditure plans and others to question the ability of companies to achieve debt reduction goals.

Despite Tata Steel's move to partially defer expenditure on expansions, IIFL analyst Anupam Gupta said its plans to cut debt by $1 billion this fiscal year look ambitious, given weakening profitability across India and Europe.

Brokerage firm Edelweiss expects both JSW Steel and Tata Steel to see increases this year in their debt to EBIDTA ratios - a metric that reflects the cash available to companies to pay debts.

And the downward pressure on steelmakers does not look set to reverse soon.

"We are just sitting idle and waiting for the tide to turn," Kalyani Steels' Goyal said.

ACE AUTOS

Azharul Islam, CEO of Ace Autos Pvt Ltd, the distributor of Haval-branded SUVs in Bangladesh, hands over the keys of two Haval H2 SUVs to Lt Gen (Retd) Sabbir Ahmed, managing director of Sena Hotel Developments Ltd, and Brig Gen (Retd) Ridwan-AL-Mahmood, on the premises of Radisson Blu Dhaka Water Garden recently. ACE Autos delivered the two cars to the hotel, which is owned by Sena Hotel Developments.

Don't overburden ECB with climate goals

Says Bundesbank president

REUTERS, *Frankfurt*

The European Central Bank should not be given an explicit role in fighting climate change as this could overburden policy, threaten its independence and risk its neutrality, Bundesbank President Jens Weidmann said on Tuesday.

With a growing number of policymakers discussing financial risk from extreme weather events, incoming ECB President Christine Lagarde recently argued that it should be a priority for central banks and supervisors to look at how they can contribute to mitigating climate change.

Weidmann argued that while climate change risk is not sufficiently priced into assets and most banks still fail to take such risks into consideration, it would be wrong to use bank regulation or monetary policy to achieve political goals.

"A monetary policy that explicitly pursues environmental goals risks being overburdened," he told a conference. "And in the long term, its independence could be called into question."

He said that buying a disproportionate share of green bonds, as suggested by some ECB watchers, would violate the principle of market neutrality.

NRB BANK

Lila Rashid, a general manager of Bangladesh Bank, and Md Mehmood Husain, CEO of NRB Bank, exchange the signed documents of a deal on "New Entrepreneur Re-finance Scheme" at the former's head office in Dhaka yesterday. Entrepreneurs or start-up firms will get Tk 10 lakh collateral-free and Tk 25 lakh with collateral loans at 9 percent interest rate under the scheme.

Google parent Alphabet quarterly profit misses mark

AFP, *San Francisco*

Google parent Alphabet on Monday reported a sharp drop in profit over the past quarter as it ramped up spending for a wide array of new gadgets and services.

Profit dipped 23 percent from a year ago to $7.1 billion as revenue grew 20 percent to $40.5 billion for the California tech giant and internet search leader.

Shares in Alphabet fell 1.1 percent in after-hours trade on the weaker-than-expected profits.

Digital advertising on Google continued to be the primary money-maker for Alphabet -- accounting for some $34 billion in revenue.

Industry tracker eMarketer forecast that Google will generate $105.33 billion in net digital ad revenue this year, taking a 32 percent share of the worldwide digital ad market.

"Alphabet continues to show strong growth in ad revenues, even as CPCs (costs per click) were down again year-over-year, showing strong continued growth in impressions and paid clicks," said eMarketer principal analyst Nicole Perrin.

The analyst added that the cost of acquiring internet traffic appeared by be stabilizing, which is a good sign for Alphabet profitability.

Meanwhile, the earnings report showed that revenue from other sources including cloud computing climbed more than 40 percent to $6.4 billion.

Alphabet has been pumping money into research and development for artificial intelligence, cloud infrastructure, and launching new Pixels smartphones and other hardware.

"We continue to invest thoughtfully in talent and infrastructure to support our growth, particularly in newer areas like Cloud and machine learning," said Alphabet chief financial officer Ruth Porat.

The company, which faces antitrust reviews over its dominance of internet search on both sides of the Atlantic, has been seeking to diversify its business with more hardware and new services.

Losses on "other bets" such as self-driving cars and delivering internet services from high-altitude balloons swelled to $941 million in the quarter, compared to a $727 million loss in the same period a year earlier.

Google chief Sundar Pichai said in a statement: "I am extremely pleased with the progress we made across the board in the third quarter, from our recent advancements in search and quantum computing to our strong revenue growth driven by mobile search, YouTube and Cloud." The results were impacted by a one-time charge of $549 million linked to a tax settlement with French authorities, according to Porat.

Alphabet said it set aside nearly $1.6 billion as a provision for income taxes, up from $891 million last year, and that its effective tax rate would be 18 percent, double that from a year earlier.

Capital expenditures included a billion dollars spent to buy buildings in the Silicon Valley city of Sunnyvale and a pair of buildings in Amazon's home city of Seattle, according to Porat.

Major areas of expense in the quarter were associated with datacenters to support the heavy demand for cloud computing power and costs of content for YouTube subscription streaming services.

REUTERS/FILE

A logo is pictured above the entrance to the offices of Google in London.

Airbus A220s ordered to slow down over engine incidents

AFP, *Paris*

The Airbus A220 should no longer use full power at high altitudes, Canadian and European air safety regulators have announced following several incidents with their engines, including one in which pieces came off in-flight.

In an emergency airworthiness directive issued over the weekend by Transport Canada and also transmitted by the EU's Aviation Safety Agency (EASA) on Monday, airlines operating the aircraft are ordered to not exceed 94 percent of maximum output while above 29,000 feet.

SHIMANTO BANK

Arab Fazlur Rahman, head of business of Shimanto Bank, and Zillul Karim, managing director of Credence Housing Ltd, exchange the signed documents of a deal at the former's head office in Dhaka recently. The client of the real estate company will get loans at low interest rate and reduced processing fee while availing the bank's "Shimanto Nibash" home loan.

New US rules would require carriers to remove Chinese equipment

AFP, *Washington*

US regulators on Monday proposed rules to block telecom carriers from buying from Chinese tech companies Huawei and ZTE, and to remove any of their equipment already in place.

The Federal Communications Commission said the rules -- to be voted on November 19 -- were part of an initiative to "safeguard the nation's communications networks." The two Chinese firms have been accused of posing a national security threat because of their close ties to the Beijing government. Both have repeatedly denied the allegations.

FCC chairman Ajit Pai said the new plan would bar communications companies from using any support they receive from the government's Universal Service Fund to purchase equipment or services from companies "posing a national security threat," including Huawei and ZTE.

The move marks the latest effort by Washington to penalise Huawei, a major telecom infrastructure provider and smartphone maker which is already on a blacklist that prevents it from access to certain US technology products and services.

"When it comes to 5G and America's security, we can't afford to take a risk and hope for the best," Pai said in a statement.

"We need to make sure our networks won't harm our national security, threaten our economic security, or undermine our values." Pai said that as the US upgrades to so-called 5G or fifth-generation wireless networks, "we cannot ignore the risk that the Chinese government will seek to exploit network vulnerabilities in order to engage in espionage, insert malware and viruses, and otherwise compromise our critical communications networks." Huawei says that Washington has provided no proof of any security risks posed by the company.