



Manzurul Islam, chairman of Eastern Housing, presides over the company's 55th annual general meeting at Raowa Convention Hall in Dhaka yesterday. The company approved 20 percent cash dividend for the year ending on June 30, 2019. Dhiraj Malakar, managing director, was present.

## China says holding 'in-depth' talks with US on interim trade deal

REUTERS, Beijing

China and the United States are holding "in-depth" discussions on a first phase trade agreement, and cancelling tariffs is an important condition to reaching a deal, the Chinese commerce ministry said on Thursday.

The degree of tariff cancellation should fully reflect the importance of a 'phase one' agreement, ministry spokesman Gao Feng told a regular briefing. "China has emphasized many times that the trade war began with additional tariffs and should end with the cancellation of additional tariffs," said Gao.

On Tuesday, US President Donald Trump said a trade deal with China was "close" but offered no details and warned that he would raise tariffs

"substantially" on Chinese goods without such a deal.

Trump's threat was a reference to previously announced tariffs of 15 percent on about \$156 billion of Chinese consumer goods set to take effect on Dec. 15, according to trade experts and a source close to the White House. Those tariffs would hit video game consoles, computer monitors, Christmas decorations and items given as gifts during the approaching festive season.

Last week, White House advisers said the Dec. 15 tariffs would probably be averted if a 'phase one' trade deal was reached.

"If both sides reach a 'phase one' deal, the degree of tariff cancellation should fully reflect the importance of the 'phase one' deal; and its importance

should be appraised by both sides together. Both sides are conducting in-depth discussions on this now," said Gao.

Highlighting the volatile state of play in the 16-month long trade war, officials of both sides had said last week they had a deal to roll back tariffs, only to have Trump deny any deal had been agreed.

Trump has imposed tariffs on billions of dollars of Chinese goods to force major changes in China's trade and industrial policies.

The US administration is demanding that China end the theft and forced transfer of American intellectual property and curb subsidies to state-owned enterprises, while granting US companies more access to China's markets.

## Love of cash hinders India's move to digital economy

REUTERS, Satara, India

India's dependency on cash may slow the country's transition to digital payments despite large numbers of internet and mobile phone users.

For many citizens living in rural areas, cash is still the bedrock of daily existence because of a lack of facilities.

Sudhir Shinde, a farmer from Satara district in India's western state of Maharashtra says he withdraws more money from his bank than required as the money vending machine in his village has not been operational for months.

"If I need money urgently, I must make a 32 kilometre (20 mile) trip to Satara town, which is not always possible," said the 37-year-old

sugarcane farmer Shinde, while buying fertilisers for his winter-sown crops.

"I always keep money in hand assuming family emergencies like hospitalization or any other such urgent requirements".

Indian Prime Minister Narendra Modi backed a shock ruling in November 2016 to outlaw 86 percent of cash in circulation to target undeclared "black money" and fight corruption.

The demonetization got rid of old 500 and 1,000 rupee banknotes and Modi said that would boost the country's digital economy, unearth unaccounted wealth and reduce the use of cash.

But 99.3 percent of the junked currency is back in the banking system, suggesting that only a minuscule portion was unaccounted

illicit money or fake currency notes, and India's addiction to cash is now, perhaps stronger than ever.

One of the key objectives of the note ban was to discourage the use of cash, but India continues to see a surge in currency in circulation even as economic growth has slowed to a six-year low.

Central bank data shows that since the controversial demonetization gambit, currency in circulation has grown, rising 17 percent to 21.1 trillion rupees (\$295.7 billion) as of the end of March 2019.

The ratio of currency in circulation to GDP has risen to 11.23 percent as of March 2019 up from 8.69 percent at the end of March 2017.

To be sure, digital transactions have grown, rising 19.5 percent in value in 2018/19 and 22.2 percent in 2017/18, the Reserve Bank of India said in a report.

On whether India's efforts to move to electronic payments has been slow, the central bank noted what it said in a statement last week.

To promote digital payment, the RBI has established "state of the art payment systems that are efficient, convenient, safe, secure and affordable" that has resulted in a rapid growth in retail digital payment systems.

Meanwhile, it will promote the use of e-payments for parking, fuel and toll collection, and has ordered banks not to charge bank customers for online transactions in the National Electronic Funds Transfer (NEFT) system from January 2020.

Anecdotal evidence, however, suggests people in Asia's third-largest economy prefer cash for various reasons, including to avoid paying higher taxes after a national sales tax was implemented in mid-2017 and higher charges from retailers.

Smaller stores who don't enjoy high volume sales often charge customers extra, to make up for what they must pay the service partners for electronic transactions.

Higher operating costs have also led to a slowdown in opening of new ATMs, which has led to cash hoarding.



SN Manzur Murshed Mahbub, president of the Bangladesh Tourism and Hospitality Research Network, and Md Mamun Ashrappi, executive director, attend a discussion on "The Crisis and Prospects of Bangladesh's Travel and Tourism Business" organised by the association in Dhaka on Tuesday.



Abul Mansur Md Faizullah, secretary to the Implementation Monitoring and Evaluation Division, launches the piloting of an enhanced electronic contract management system (e-CMS) in the National e-Government Procurement portal at Central Procurement Technical Unit (CPTU) in Dhaka yesterday. Md Ali Noor, director general of the CPTU, which developed the e-CMS, was present. The system will ensure proper monitoring of procurement performance and improve implementation of contracts in their respective stipulated periods.

## Germany squeaks past recession with slight third-quarter growth

AFP, Berlin

Germany defied forecasts of a second quarterly contraction in a row in July-September with inching economic growth, official data showed Thursday, narrowly escaping a recession but with no all-clear for its trade war-battered industries.

Gross domestic product (GDP) expanded 0.1 percent quarter-on-quarter, federal statistics authority Destatis said, beating forecasts of a 0.1 percent contraction from analysts surveyed by Factset.

The statisticians also revised figures for the first half of the year, saying the economy shrank by 0.2 percent in April-June, rather than 0.1 percent as previously reported, and grew

0.5 percent in the first quarter, 0.1 percentage points faster than thought.

As in previous quarters, "positive impulses came above all from consumption" by households and the state, Destatis said in a statement.

Exports and construction also expanded, while investments in new equipment fell compared with April-June.

Third-quarter growth was "a hefty, but happy surprise," analyst Jens-Oliver Niklasch of LBBW bank commented.

"In recent months, there were growing hints that other economic sectors were not infected by weakness in industry." Manufacturing has stuttered in recent months, with a 1.3-percent September drop in output contributing to that month's 0.6-percent overall fall

in industrial production.

German industry, which is mainly oriented towards exports, has suffered months of headwinds from the US-China trade war, President Donald Trump's threat of US duties on European car imports and Brexit uncertainty.

The German government is expecting just 0.5 percent growth this year and last month revised down its projections for 2020 to a 1.0 percent expansion, compared with previous forecasts of 1.5 percent.

Industry's stumbles and fears of recession have revived debate in Germany about whether the government should stick to a self-imposed rule to keep the budget balanced -- a dogma known as the "black zero".



MHM Faiz, CEO of Singer Bangladesh; Mustafa Kamal Sayed, head of programme at NTV, and Ajoy Kumar Kundu, chief operation officer of Mediacom Ltd, attend a deal signing ceremony at the former's head office in Dhaka yesterday for a TV family show titled "Singer Family and Fun" to be broadcast in December.



Azharul Islam, chairman of Uttara Bank, cuts a ribbon to open the bank's 237th branch at Karimganj in Kishoreganj yesterday. Mohammed Rabiul Hossain, CEO, was present.

## UAE, Egypt launch \$20b joint investment scheme

AFP, Abu Dhabi

The United Arab Emirates and Egypt launched a \$20 billion joint investment programme on Thursday to develop "economic and social projects".

Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed Al-Nahyan made the announcement during a visit to the Emirati capital by Egyptian President Abdel Fattah El-Sisi.

"We launched a joint strategic investment platform between the UAE and Egypt worth \$20 billion to implement vital economic and social projects for our brotherly countries," Sheikh Mohammed said in a tweet.

He added that he discussed with Sisi ways to strengthen relations and enhance coordination.

The UAE has been a firm regional backer of former army chief Sisi since the military overthrew Islamist president Mohamed Morsi in 2013.

The UAE and Egypt are also part of a Saudi-led alliance that cut relations with Qatar in June 2017, accusing it of bankrolling Islamist extremist groups and of being too close to regional rival Iran. Doha denied the accusations.

Cairo has been seeking investment to boost its sagging economy and create jobs. Poor and middle-class Egyptians have been bearing the brunt of harsh austerity measures since 2016 when the government secured a \$12-billion bailout from the International Monetary Fund in exchange for tough economic reforms.

Nearly one in three Egyptians live

below the poverty line, according to official figures released in July. The reforms have met with some pushback, fuelled by allegations of graft among the political and military elite.

Rare, small-scale protests broke out in September calling for Sisi's removal after an exiled Egyptian businessman accused the president and top military brass of rampant corruption.

Egypt's economy took a battering in the immediate aftermath of the revolution that toppled longtime autocrat Hosni Mubarak in 2011.

Direct foreign investment has grown to record levels in recent years, but the national debt has ballooned since the pound was floated in November 2016, leading to a sharp depreciation.