

UK aviation needs govt support for new lockdown pain: airport boss

REUTERS, London

Britain's airports and airlines need urgent support to survive the "very bleak future" posed by a new lockdown in England, warned the boss of one of the country's biggest airport groups.

Very low levels of travel in recent months have put airlines and airports under renewed financial strain after they were effectively shut during Britain's first lockdown, and they now face another month without income during its second.

"An urgent package of support must materialise," said Manchester Airport Group's (MAG) chief executive Charlie Cornish in a statement on Monday.

He said the new lockdown for England, due to start on Thursday and which bans international leisure travel, will make parts of the aviation sector unsustainable.

Before the pandemic, Britain had a thriving aviation sector. Air transport and related supply chain activity plus tourist arrivals supported 1.6 million jobs and accounted for 4.5% of UK GDP according to an IATA study.

But more than 20,000 jobs have now been lost at UK airlines like British Airways and easyJet, and Heathrow, once the busiest airport in Europe, has lost its crown to Paris.

Industry executives blame the UK government's 14-day quarantine rules, and the comparatively slow adoption of allowing testing to replace the need for isolation, for exacerbating the pain.

Industry bodies Airlines UK and the Airport Operators Association called on the government to bring in business rates relief for airports, waive the air passenger duty tax, and quickly bring in a testing regime to save jobs.

On top of job support schemes, Britain has provided extra help to train and bus operators and the hospitality sector during the crisis, but aviation has been ignored say bosses, despite

promises made by the finance minister in March.

"Government has neglected UK aviation and the role it plays in our economy from day one of this pandemic," said Cornish, whose MAG owns Manchester, London Stansted and East Midlands airports.

France and Germany have both provided state-backed rescue packages to help Air France-KLM and Lufthansa survive the crisis.



Very low levels of travel in recent months have put airlines and airports under renewed financial strain.

REUTERS/FILE

US manufacturing near two-year high

REUTERS, Washington

US manufacturing activity accelerated more than expected in October, with new orders jumping to their highest level in nearly 17 years amid a shift in spending toward goods like motor vehicles and food as the COVID-19 pandemic drags on.

The survey on Monday from the Institute for Supply Management (ISM) was the last piece of major economic data before Tuesday's bitterly contested presidential election. But the outlook for manufacturing is challenging.

While the coronavirus crisis has boosted demand for goods complementing the pandemic life, a resurgence in new cases across the country could lead to authorities re-imposing restrictions to slow the spread of the respiratory illness as winter approaches, which could crimp activity.

Government money for businesses and workers hit by the pandemic, which boosted economic growth in the third quarter, has dried up.

"Manufacturing rebounded strongly with fewer restrictions on economic activity and stimulus efforts, but the path forward will be more difficult as the economy continues to cope with the pandemic," said Gus Faucher, chief economist at PNC Financial in Pittsburgh,

Pennsylvania.

The ISM said its index of national factory activity increased to a reading of 59.3 last month. That was the highest since November 2018 and followed a reading of 55.4 in September.

A reading above 50 indicates expansion in manufacturing, which accounts for 11.3% of the U.S. economy. Economists polled by Reuters had forecast the index rising to 55.8 in October.

The jump in activity, however, likely overstates the health of the manufacturing sector. A report from the Federal Reserve last month showed output at factories dropping 0.3% in September and remaining 6.4% below its pre-pandemic level.

Manufacturers and suppliers said last month they "continue to operate in reconfigured factories" and with every month were "becoming more proficient at expanding output." Though sentiment among manufacturers remained upbeat, there were two positive comments for every cautious comment, a slight decrease compared to September.

The outcome of Tuesday's vote is expected to lead to a brief period of uncertainty. President Donald Trump is trailing former Vice President and Democratic Party candidate, Joe Biden, in

national opinion polls.

Stocks on Wall Street were trading higher following their steepest weekly loss. The dollar was steady against a basket of currencies. U.S. Treasury prices rose.

Fifteen industries, including apparel, food, furniture and transportation equipment reported growth last month. Textile mills and printing reported a contraction.

Manufacturing's continued recovery will likely keep the economy floating, with growth expected to slow sharply in the fourth quarter after a historic 33.1% annualized rate of expansion in the July-September period.

Growth last quarter, which followed a record 31.4% pace of contraction in the April-June quarter, was juiced up by more than \$3 trillion in government pandemic relief. There is no deal in sight for another round of fiscal stimulus.

A separate report from the Commerce Department on Monday showed construction spending rose a moderate 0.3% in September, slowing after a 0.8% increase in August.

The coronavirus crisis has pulled spending away from services towards goods that complement the changed life-style. Spending on goods has surpassed its pre-pandemic level.

Saudi Aramco profits dive in coronavirus-hit third quarter

AFP, Riyadh

Energy giant Saudi Aramco on Tuesday posted a 44.6 percent slump in third-quarter profit, as the coronavirus pandemic weighs heavily on the global demand for crude oil.

Aramco, seen as Saudi Arabia's cash cow, has revealed consecutive falls in quarterly profits since it began disclosing earnings last year, piling pressure on government finances as it pursues ambitious multi-billion dollar projects to diversify the oil-reliant economy.

The world's most valuable listed company said it was committed to a bumper dividend even as third quarter net profits dropped to 44.21 billion Saudi riyals (\$11.79 billion), compared to \$21.3 billion in the same period last year.

Aramco's net profit for the first nine months of this year also dropped 48.6 percent to \$35.02 billion, the company said.

The latest results are in line with analysts' expectations but stand in contrast to the losses reported by Aramco's rivals, which are reeling from pandemic-driven economic shutdowns that have suppressed energy requirements.

Although the results underscore a downbeat market, Aramco's July-September results showed an improvement amid relatively steady crude prices compared to the second quarter, when it posted a profit of \$6.57 billion.

"We saw early signs of a recovery in the third quarter due to improved economic activity, despite the headwinds facing global energy markets," Aramco's chief executive Amin Nasser said in the statement.

"We continue to adopt a disciplined and flexible approach to capital allocation in the face of market volatility. We are confident in Aramco's ability to manage through these challenging times and deliver on our objectives."

Nasser said Aramco was committed to delivering a dividend of \$18.75 billion

to shareholders for the third quarter -- an amount that exceeds the declared profit and the available cash flow.

The announcement is in line with the company's pledge to pay an annual dividend of \$75 billion after it floated a sliver of its shares last year in the world's biggest IPO.

"Aramco's dividend payout is now much bigger than its income," said Tarek Fadlallah, chief executive officer of the Middle East unit of Nomura Asset Management.

"Not a problem if oil rebounds next year. But it will be a big problem if it doesn't," he added.

Amid weakening oil prices and flat output, Aramco may have to continue funding its bumper dividend by "borrowing in the short term", said investment research firm Bernstein.

Dividend payments from Aramco help the Saudi government -- the company's biggest share holder -- manage its ballooning budget deficit.

Last month, several oil giants including ExxonMobil and Chevron reported another quarter of red ink as uncertainty over oil demand forced the energy sector to rein in spending.

By contrast, Aramco's results reflected its "resilience", Nasser said.

But the Saudi giant is bracing for a possible further wave of coronavirus infections that could undermine a tentative global economic recovery and further erode the demand for crude worldwide, analysts say.

The company has cut its capital spending this year and also slashed hundreds of jobs as it seeks to reduce costs, Bloomberg News reported in June.

Saudi Arabia, the world's biggest crude exporter, has been hit hard by the double whammy of low prices and sharp cuts in production. A drop in oil income is expected to hinder Crown Prince Mohammed bin Salman's ambitious "Vision 2030" reform programme to overhaul the kingdom's energy-reliant economy.



Meghna Group setting up Tk 400cr ceramics factory

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The domestic demand for tiles, which is currently about 200 million square metres per year, has increased by 10 to 12 per cent annually in the last 10 years, according to the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA).

The market value for ceramic products was around Tk 35,000 crore in 2019, BCMEA data showed.

Ceramics is a capital-intensive product and setting up of a factory takes about Tk 150 crore to Tk 200 crore.

The industry's total production capacity has tripled in the last 11 years and Bangladesh currently holds 0.14 per cent of the global market for ceramic products. Local suppliers cater to around 80 per cent of the domestic demand.

Ceramic manufacturers in Bangladesh mainly produce three types of products: tiles, tableware and sanitary ware.

Of the 68 ceramic manufacturers currently operating in the country, 20 produce tableware, 32 make tiles and the remaining 16 produce sanitary ware.

More than a dozen new companies are preparing to make a foray into the market.

So far, around Tk 9,000 crore has been invested in the sector, which employs about five lakh workers, including two lakh women.

More than 25 crore pieces of tableware, 20 crore square metres of tiles and 83 lakh units of sanitaryware items were produced in Bangladesh in fiscal 2017-18, according to the BCMEA.

In February, MGI flagged off nine industrial units at its economic zone in a bid to meet the country's growing demand for consumer products and industrial raw materials.

The units are Meghna Sugar Refinery, Sonargaon Seeds Crushing Mills, Meghna Ball Pen and Accessories MFG, Meghna Noodles and Biscuit Factory, Sonargaon Printing and Packaging Industries, Fresh Welding Electrodes and Wire, Meghna Fresh LPG, Sonargaon Ship Builders and Dockyard, and the second unit of Fresh Cement.

MGI invested about Tk 4,000 crore to set up the new manufacturing facilities, which directly employ about 8,400 workers.

The group, which grew out of a trading company set up in 1976, has 48 operational industrial units. Currently, it has 35,000 employees.

MGI's annual turnover stood at \$2.5 billion, according to the group's website. It exports products to 25 countries.

"I have a dream that MGI's Fresh-branded products will be found in every household of Bangladesh. MGI is committed to ensuring product quality," Kamal said.

Govt to build dried fish processing centre in Cox's Bazar

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Now, power would be transmitted from Mongla to Aminbazar via a Gopalganj sub-station, according to the project brief.

The project implementing agency, the Power Grid Company of Bangladesh, would need to use 209 towers of higher elevation on the route to help the transmission line make it over the approach road of the Padma bridge, railways and flyovers.

Of the total cost of the project, scheduled to be completed by December 2021, Asian Development Bank will provide Tk 1,270 crore as loan. The government will bear the rest.

The Ecneec also gave the go-ahead to a Tk 560 crore project to protect Tk 4,344 crore-worth properties from the erosion of the Jamuna riverbank in some localities of Kazipara upazila under the northern district of Sirajganj.

The properties include residences, agricultural land, educational and religious institutions, bazars, union parishad office, health complex as well as public and private infrastructure.

The project, scheduled to be completed by June 2023, also aims to protect a flood protection embankment to protect Sirajganj district from flooding.

At the meeting, the prime minister gave a directive to formulate a permanent/long-term plan for dredging in order to ensure navigability of rivers, the erosion of which makes thousands of people homeless every year.

The premier suggested carrying out capital and maintenance dredging on a regular basis based on the plan, said Senior Secretary to Planning Division Md Ashadul Islam.

Oil prices extend rally on US election day

REUTERS, London

Oil prices extended their rally on US election day with a 3per cent gain as financial markets staged a broad recovery, but concerns over surging coronavirus cases around the world capped further gains.

Brent crude futures rose \$1.13, or 2.9per cent to \$40.10 a barrel at 1138 GMT on Tuesday, while US West Texas Intermediate (WTI) crude futures were up \$1.13, or 3.1per cent, to \$37.94 a barrel. Both benchmarks gained nearly 3per cent on Monday.

"The jump has borne all the hallmarks of a massive, logical and even inevitable short-covering prior to the US presidential elections," Tamas Varga of oil brokerage PVM said.

"It would be tempting to conclude that the recovery from last week's slump is now

under way, but it is simply not a plausible scenario," he added.

Italy is the latest country in Europe to tighten Covid-19 restrictions, including limiting travel between the worst-hit regions and imposing a nightly curfew, which will limit fuel demand.

Benchmark prices, down sharply over the last week, had a brief reprieve on Monday after Russia's oil minister held talks with domestic oil companies on a possible extension of oil output restrictions into the first quarter of 2021.

The Organization of the Petroleum Exporting Countries and allies including Russia, a group called OPEC+, cut oil output from May to support prices and reduced the reduction to 7.7 million barrels per day (bpd) in August. They are due to shrink the cuts by 2 million bpd in January.

Banks see their loss-making branches soar

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"The branches have improved their situation in the third quarter keeping pace with the ongoing economic recovery," he said.

The number of loss-making branches of Pubali Bank stood at 50 among its 477 outlets.

MA Halim Chowdhury, managing director of the bank, said the lender opened

10 new branches in the last quarter of 2019 and the outlets are yet to become profitable due to the pandemic.

"Besides, six to seven district branches are incurring losses as they have to meet the expenditure of the branches under the supervision," he said.

"At least 10 loss-making branches will start generating profits by this year," Chowdhury said.

BB issues guideline for credit guarantee scheme

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The scheme will give coverage to the fund, which is being disbursed from the Tk 20,000 stimulus package for the cottage, micro, small and medium enterprise (CMSME) sector.

Lenders will get 80 per cent of their disbursed fund to a single enterprise if the amount turns classified.

However, a lender will not be allowed to get back more than 30 per cent of its disbursed fund from the CGS.

The guarantee scheme will cover potential CMSEs with viable business expansion plans that are suffering from a lack of collateral.

Women-owned CMSEs will get priority for availing this facility.

Existing CMSEs in the manufacturing, services and trading sectors can avail guarantee facilities if they have no collateral or insufficient collateral for their required bank finance.

Clients will have to pay 1 per cent commission on their loans to banks when they avail the fund while lenders will have to deposit the commission to the central bank.

Under the central bank stimulus package for the CMSME sector, borrowers will get loans in the form of working capital with a maximum repayment tenure of one year.

The desired lenders will have to ink a participation agreement with the central bank to enjoy the CGS fund, a central bank official said.

A fresh notice will be issued in this regard within a day or two, he added.

On April 13, Bangladesh Bank announced the stimulus package in order to help the CMSME sector tackle the economic slowdown brought on by the ongoing coronavirus pandemic.

Lenders have so far disbursed nearly 29 per cent of the package to beleaguered borrowers in the CMSME sector.

F-commerce start-ups should be made accountable: experts

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In 2020, e-commerce experienced a significant 166 per cent growth and by 2023 the market size of this sector will reach \$3 billion, he said.

"Before that we need to solve unreliable internet connection, ensure easy payment, user-friendly payment system, improve skilled IT professionals tackle unwanted cyber-attack, enhance technology adaptation....," he opined.

Moreover, the physical infrastructure needs to be built, fiscal and non-fiscal incentives made available and strong regulatory monitoring put in place to take out "bad players" from the market, he opined.

Moreover, he urged for formulation of an e-commerce marketing and advertising policy along with one on data privacy.

Gaining confidence of consumers and giving them a sense of reliability is a challenge, said Fahim Ahmed, president and CFO of ridesharing

platform Pathao.

Dominant players may create monopoly in the market, he warned, urging to give benefits to local entrepreneurs so that they could compete with foreign entities.

F-commerce should be regulated as it is not the same as e-commerce, said Syed Mustahidul Hoq, managing director of online marketplace Daraz Bangladesh.

At present 33,000 merchants are working with Daraz, online sales are increasing day by day and the market penetration is quite good, he said.

The ICT division's flagship project Startup Bangladesh has a Tk 500 crore allocation, said Tina Jabeen, managing director and CEO of the state-owned venture capital company.

"We are working to finance the start-ups in Bangladesh. Bangladeshi start-ups are doing well and they need adequate financial support

for their sustainable growth," Jabeen also said.

She also urged the local investors to finance and promote e-commerce start-ups as they have to compete with foreign players in the market.

Bangladesh Bank is trying to bring ease to the documentation process of micro merchants in the e-commerce eco-system, said Mohd Humayun Kabir, executive director of the central bank.

A fair, competitive e-commerce market needs to be ensured, said Md Abdur Rauf of Bangladesh Competition Commission.

Gaining customer satisfaction is difficult, said Bablu Kumar Saha, director general of the Directorate of National Consumer Rights Protection.

He underscored the importance of translating terms and condition of e-trading into Bangla to reduce the scope for fraudulence. "Simultaneously, we have to create awareness among the customers," he added.