

Fraud biggest risk for Middle East

Gulf News | Dubai

Forty-eight per cent of Middle East respondents cited fraud and corruption as the greatest risk to their company, followed by cyberattacks, according to EY Global Fraud Survey.

"The findings show that there is often a lag between the introduction of stronger anti-corruption laws and a change in behaviour.

While new laws and regulations have been introduced and enforcement intensified, non-compliant behaviour still remains, though the Middle East is certainly tackling the issue," Charles de Chermont, EY MENA Fraud Investigation & Dispute Services Leader, said in a statement.

This year's survey found that 42 per cent of executives surveyed in the Middle East believe that corrupt practices still occur widely in business.

"Businesses remain vulnerable to significant financial and reputational harm.

Management teams must identify and address the root causes of such conduct in their organisation. Compliance programs need to keep pace with the impact of rapid technological advancements and the increasingly complex risk environment on business operations," Charles said.

The report finds that individuals shirk responsibility; when asked who is held accountable for ensuring employee integrity, 50 per cent of respondents believe that integrity is the primary responsibility of either management or the board.

Iran sanctions shadow falls on German banks

Some German companies still plan to press on with dealings with Iranian companies

● **Germany's two biggest banks, Deutsche Bank and Commerzbank, avoid Iran completely after being slapped with harsh fines**

● **DZ Bank, which operates as a central bank for more than 1,000 local co-op lenders, is withdrawing completely from Iran**



Deutsche Bank alone paid \$258 million as penalty in 2015

AFP | Frankfurt

Germany's biggest lenders have shied away from business with Iran after past penalties for breaching US sanctions, but smaller banks have leapt on opportunities afforded by the nuclear deal rejected by Donald Trump.

There are just months to go until a November deadline issued by Washington after the US president abandoned a hard-fought agreement that loosened business restrictions on the Islamic Republic in exchange for Tehran giving up its pursuit of nuclear weapons.

But some firms plan to press on in their dealings with Iran despite the looming threat of penalties.

"We will continue to serve our

clients," for now, said Patrizia Melfi, a director at the "international competence center" (KCI) founded by six cooperative savings banks in the small town of Tuttingen in southwest Germany.

The center, which supports companies operating in sensitive markets like Iran or Sudan, has seen demand "rising sharply in the last few years, from firms listed on the Dax (Germany's index of blue-chip firms), from all over Germany and from Switzerland," she added.

German exports to Iran have grown since the nuclear deal was signed in 2015, adding 15.5 percent last year to reach almost 2.6 billion euros (\$3.0 billion) after 22-percent growth in 2016.

Such figures remain van-

ishingly small compared with Germany's 111.5 billion euros in exports to the US — its top customer.

Nevertheless, the KCI will "wait and see what the sanctions look like" before turning away from Iran, Melfi said.

Already, firms dealing with Tehran must take great care not to fall foul of US restrictions.



Products sold to Iran cannot contain more than 10 percent of parts manufactured in the US

Transactions are carried out in euros, and the KCI does not deal with businesses that have American citizens or green card resident holders on their boards.

What's more, products sold to Iran cannot contain more than 10 percent of parts manufactured in the US.

One of the most important inputs for the business is "courage among our managers" given the high risks involved, Melfi said.

Germany's two biggest banks, Deutsche Bank and Commerzbank, avoid Iran completely after being slapped with harsh fines in 2015 over their dealings there, with Deutsche alone paying \$258 million in penalties.

DZ Bank, which operates as a central bank for more than 1,000 local co-op lenders, is withdraw-

ing completely from payment services there, a spokesman told AFP.

That left KCI to seek out the German branch of Iranian state-government owned bank Melli in Hamburg.

Even that linkage could break if Iran's biggest business bank appears on a US list of barred businesses as it has before.

Meanwhile, among Germany's roughly 390 Sparkasse savings banks, business with the regime is mostly limited to producing documents linked to export contracts.

"We will be looking even more closely at those" in the future, a person familiar with the trade told AFP.

Elsewhere in the German economy, the European-Iranian Trade Bank (EIH) founded in 1971 is another conduit to Tehran.

Also based in Hamburg, it for now remains "fully available to you with our products and services," the bank assures clients on its website, although "business policy decisions by European banks may result in short term or medium term restrictions on payments."

Neither does the Bundesbank (German central bank) believe that much has so far changed for business with Iran.

"Only the European Union's sanctions regime will be decisive," if and when it is changed, the institution told AFP.

Qualcomm to meet China regulators to clear \$44-bn NXP Semiconductors deal

The San Diego-based firm "cautiously optimistic" the deal will go forward

● **The acquisition was caught in the crosshairs of rising US-China trade tensions, with sources saying an approval would depend on the progress**

Reuters | Beijing

Qualcomm Inc is expecting to meet this week in Beijing with China's antitrust regulators in a final push to secure clearance for its proposed \$44 billion acquisition of NXP Semiconductors NV, sources told Reuters.

The acquisition was caught in the crosshairs of rising US-China trade tensions, with sources saying an approval would depend on the progress of broader bilateral talks. The deal has got a nod from eight of the nine required global regulators, with Chinese clearance the only one pending. Qualcomm is likely to meet Chinese regulators before U.S. Commerce Secretary Wilbur Ross arrives in China on Saturday, the sources briefed on Qualcomm's discussions said.



A booth of US chipmaker Qualcomm is pictured at an expo in Beijing, China. -Pic. Reuters

A Qualcomm team and officials from the State Administration for Market Regulation met in Beijing on Friday and had "productive" talks, the sources said.

The San Diego-based firm is now "cautiously optimistic" the deal will go forward, one of the sources said, amid recent indications of a thaw in U.S.-China trade tensions that has seen both sides propose tens of billions of dollars in tariffs.

On Friday, the Trump admin-

istration said it had reached a deal that would put ZTE Corp back in business after the Chinese telecommunications company pays a \$1.3 billion fine and makes management changes.

Resolving the ZTE sales ban has been of chief importance to China's leadership. The firm was banned in April from buying U.S. technology components for seven years after breaking an agreement it reached for violating U.S. sanctions against Iran and North Korea.

"It feels as though it's getting close to the end," said the source quoted above.

Qualcomm did not immediately reply to an email from Reuters seeking comment on Sunday, while calls to NXP went unanswered outside regular business hours.

New submission

Qualcomm is now preparing a new submission to SAMR aimed at providing final guarantees and assurances, the sources said.



A Qualcomm team and officials from the US Administration for Market Regulation met in Beijing on Friday and had "productive" talks, say sources



Workers assemble remote controls of air conditioners at a factory in Hefei. Pic. Reuters

China's industrial profit growth rebounds to six-month high

Reuters | Beijing

Profits earned by Chinese industrial firms in April rose at their fastest pace in six months, data from the National Bureau of Statistics (NBS) showed yesterday, as factories benefited from higher prices and strong demand.

Profits in April rose 21.9 percent year-on-year to 576 billion yuan (\$90.14 billion), the quickest since October, bringing gains for the first four months of 2018 to 15 percent.

The data suggests China's

21.9%

was the rise in the year-on-year profit recorded by industrial firms in China

industrial sector is still seeing solid growth momentum despite curbs on pollution and rocky trade relations with the United States. Last month's rebound was helped by lower comparison figures for April 2017, higher factory prices and stronger demand, He Ping, head of NBS' industrial division, said in a statement.

It was a significant improvement over March's 3.1 percent growth that was the slowest in over a year and which government officials had blamed on the timing of the Lunar New Year holiday. The higher April data should help ease concerns of slowing momentum in China's economy as the country implements tougher pollution controls on "smokestack" industries and cash-strapped regional governments cut back on big investment projects, curbing demand for building materials.