# Zimbabwe govt to take over all diamond mines

**HARARE:** Zimbabwean President Robert Mugabe has announced that the government will take over all the country's diamond mines to stop foreign firms from syphoning off gems without declaring them.

"We have not received much (money) from the diamond industry at all," Mugabe said in a two-hour interview screened late Thursday by state broadcaster Zimbabwe Broadcasting Corporation.

"Our people... have not been able to see or hear what was going on and lots of swindling, smuggling have taken place and the companies that have been mining virtually robbed us of our wealth. "We have decided that this area should be a monopoly area and only the state should be able to do mining."

Mines Minister Walter Chidhakwa last month announced the government had seized diamond mines in the eastern Chiadzwa district after their licences expired.Zimbabwe last year ordered diamond mines, including joint ventures with Chinese companies mining in the Marange district, to join a government conglomerate.

The country's diamond industry has been tainted by allegations of rights abuses including the killing and torture of workers. Reports of abuse led to an international ban of gem exports from Marange between 2009 and 2011. Diamonds were discovered in Marange in 2006, drawing thousands of small-time miners hoping to make a quick fortune.

The army cleared the area in late 2008, when rights groups said more than 200 people were killed.

The government in Harare pinned its hopes on the diamond industry to shore up the moribund economy, but with little success. Zimbabwe, which earns most of its foreign exchange through mining, saw diamond production fall to 420,000 carats in the first five months of 2015 from 660,000 carats a year earlier, according to Bloomberg News. — AFP


**HONG KONG: An employee (back left) arranges suitcases at a shop for luggage giant Samsonite in Hong Kong yesterday. Samsonite said it would buy US luxury bag maker Tumi in a deal worth $1.8 billion. — AFP**

# Samsonite to buy US luxury bag maker Tumi for $1.8bn

## Foothold in high-end Chinese market seen

**HONG KONG:** Luggage giant Samsonite said yesterday it would buy US luxury bag maker Tumi in a deal worth $1.8 billion that analysts said would give the firm a foothold in the lucrative Chinese high-end market.

In a statement to the Hong Kong exchange, where it listed five years ago, Samsonite said it would pay $26.75 a share for the firm-a third more than its value on Wednesday before the likely buyout was sounded.

Samsonite, which saw its shares bounce more than three percent to HK$24.45 ($3.15) in afternoon trade following the announcement, said Tumi was a "perfect strategic fit" for its business.

"This is a transformational acquisition for Samsonite. It will meaningfully expand our presence in the highly attractive premium segment of the global business bags," Samsonite chief executive officer Ramesh Tainwala said in a separate statement.

Financial analyst Jackson Wong at brokerage firm Simsen Financial group told AFP the purchase was a "good move". "Tumi is a premium brand name... higher end names would enhance their brand image," Wong, associate director of brokerage firm Simsen, told AFP.

"Chinese people love to buy Samsonite. However in the last few years they have been buying extremely luxurious suitcases, and that's why they are trying to go upscale."

**'Shopping spree'**

Numerous western brands in recent years have been setting up shop in China, which is widely considered the world's biggest luxury market, as a burgeoning middle class drives a shopping frenzy.

France's Hermes-known for its luxury handbags-opened a four-storey flagship store in China's commercial capital Shanghai in 2014. US-based Samsonite raised $1.25 billion in an initial public offering in Hong Kong in June 2011, one of several Western brands-including Prada and Esprit-seeking to use the city to boost their presence in fast-growing Asian markets, particularly China.

But the world's second-largest economy expanded 6.9 percent in 2015, the worst performance in a quarter century and a far cry from the years of double-digit increases.

The country's luxury market also took a hit from a years-long corruption crackdown. "The luxury segment has been affected because of austerity in China, but that doesn't take away from the whole story of Tumi, there's great opportunity there," Tainwala told Bloomberg News.

The luxury brand, which sells bags for as much as $1,300, has more than 170 stores worldwide with plans to open up to 20 more this year, according to Bloomberg. Financial analyst Dickie Wong said Samsonite made the right decision, despite slowing growth in China.

"The Chinese economy is definitely slowing down and the (tourism) market is not growing as fast as it was couple of years ago, but on the other hand, the US market is doing very well," Wong, executive director of research for Kingston Securities, told AFP.

Samsonite is planning to double annual sales to $4.7 billion by the end of 2020 and has announced nine acquisitions since 2012. In 2014, the firm bought backpack-maker Gregory Mountain Products for $85 million and in 2012 it acquired high-end luggage brand Hartmann for $35 million.

"They want spend money to increase their market share, that's why they are on a shopping spree," said analyst Francis Lun of Geo Securities. — AFP

# Latvia cracks down on money laundering amid OECD concerns

**RIGA:** Latvia's financial regulator yesterday said it had shut down a bank catering mainly to non-resident clients from the former Soviet Union due to its involvement in money laundering.

With the OECD expected to grant Latvia membership later this year, the organization has demanded the Baltic eurozone member crack down on graft in its banking sector.

The head of Latvia's FKTK financial regulator Peters Putnins said yesterday that his organization pulled the plug on the Trasta Komercbanka due to "breaches of anti-money-laundering regulations", among other failures. He also insisted that the bank was not "systemically important" and so would have no knock-on effect on the rest of the banking sector which sells itself as a gateway to both the European Union and the eurozone.

Latvia's Finance Minister Dana Reizniece-Ozola said yesterday in Riga that she hoped the case would "serve as an example to any other banks that may still be considering whether to work on the edge of the law." Half of Latvia's 26 registered commercial banks cater to foreigners, with the vast majority of those clients coming from Russia and other countries from the former Soviet Union. The Organization for Economic Cooperation and Development in an October report said that "non-resident deposits" (NRDs) are subject to weak financial regulation and paltry penalties.

Latvian 'boutique banks' have featured in a series of money-laundering scandals including the notorious Magnitsky case in Russia and the theft of one billion dollars from Moldova's state coffers. "Latvia is joining the OECD and we have to follow the rules-but this (Trasta Komercbanka closure) is not for the OECD's sake, it's for our own sake," Putnins told AFP. "Non-resident banks have their place if they are properly regulated. We are interested in doing business, but we are not interested in dirty money and the proceeds of crime." — AFP

# Nigeria to break state oil firm into 30 companies

**ABUJA:** Nigeria is to break up its state oil firm into 30 separate companies as it seeks to reform the corruption-ridden, under-performing giant, the junior oil minister said Thursday. The Nigerian National Petroleum Corporation (NNPC) is notoriously opaque and has been accused of withholding billions of dollars in government revenue, prompting calls for an overhaul.

Nigeria is Africa's largest oil producer, accounting for a daily output of two million barrels, but most of its inhabitants are poor. The country imports most of its petrol because of a lack of domestic refining capacity. "For the first time, we are unbundling the subset of the NNPC to 30 independent companies with their own managing directors," Ibe Kachikwu, who also heads the NNPC, said in a statement. "Titles like group executive directors are going to disappear and in their place you are going to have chief executive officers and they are going to take responsibilities for their titles," he said.

"At the end of the day, the CEO of an upstream company must deliver an upstream result." Thanks to reforms already under way at the NNPC, the company should start making a profit by the end of the year, he said. Oil accounts for 90 percent of Nigeria's foreign exchange earnings and 70 percent of government revenue. But the plunge in global oil prices since mid-2014 has significantly hurt government revenue and public spending. — AFP