Jaitley: economic reforms will be a long journey

REUTERS, *New Delhi*

India's Finance Minister Arun Jaitley said on Wednesday structural reforms to the economy could only progress slowly, adding that he backed relaxing labour and land laws hated by business, along with more privatisations.

Speaking to an audience of foreign investors, Jaitley said people still needed to be convinced that making it easier to hire and fire workers would create jobs.

He did not set deadlines -- possibly disappointing some in the audience at the Indian edition of the World Economic Forum hoping for a quick reform burst.

"There is a lot that has to be done ... I am quite satisfied with the beginning we have made but it's a long journey," Jaitley said.

He cautioned against rushing into big bang reforms that could trigger a political backlash and derail the government's agenda.

"Reform is the art of the possible," he said, while promising not to take decisions that would send negative signals to investors.

Prime Minister Narendra Modi came to office in May with a mandate to create jobs and kickstart Asia's third largest economy after a long period of low growth. Expectations are mounting that the government will take steps between now and the budget in February to stimulate investment.

India recorded better-than-expected growth of 5.7 percent in the quarter ending in June, but industrial output and investment has not yet picked up in a sustained way.

The government has already taken some steps to make doing business easier and reduce red tape and subsidies. However, Modi has not moved ahead as fast on privatisations or welfare and tax reform as some of his supporter had hoped.

Anand Mahindra, managing director of tractors to tech conglomerate Mahindra Group, said that investment in the economy would pick up once companies saw big infrastructure projects restart.

"It takes a little while to gather momentum, and the momentum I sense is very positive," he told reporters.

"When you get backhoe loaders out there digging up earth again visibly, you will see a rush of investment," said Mahindra, whose company also makes backhoe loaders.

A land acquisition law passed by the last government and supported by the BJP while in opposition dramatically increased compensation to farmers for land. Stringent rules requiring consensus among sellers have made it difficult for industry to buy land.

Jaitley said he supported the higher compensation but wanted to loosen other barriers to land purchases.

In addition to an ongoing process of selling off government shares in state-run companies, Jaitely said he was open to privatizing so-called "zombie" companies, many of which have hundreds of employees paid by the government but produce nothing.

"There are still a large number of companies which are almost on the verge of closure where people are going to lose employment," Jaitley said. "Given a choice between them continuing in the present state and getting them privatised, the second would be a preferable option."

He did not give more details and it was unclear how much private sector interest there would be in companies that include a British-era uniform factory and a government watch-maker.

Jaitley said he hoped a long-delayed bill to allow up to 49 percent foreign investment in the insurance sector would be passed by parliament within weeks, and said he would consider allowing more foreign investment in railways.

Unveiling first steps to reform labour last month, India simplified employment rules and eased the way for people changing jobs to move social security funds.

The government also announced a series of coal field auctions last month, replacing a policy of discretional allocation.

AFP

***Left*, British Secretary of State for Defence Michael Fallon shakes hands with Indian Finance, Corporate Affairs and Defence Minister Arun Jaitley in New Delhi on October 30.**

AFP

A customer admires Japanese auto giant Toyota Motor's fuel cell vehicle, which will go on sale by the year-end at Toyota's showroom in Tokyo yesterday.

Toyota racing to record profit, but China flashing red signal

AFP, *Tokyo*

Toyota on Wednesday said it was on track to book a record $17.5 billion full-year net profit, as Japan's major automakers wrapped up a bumper earnings season, but the industry is facing headwinds from slower demand at home and in China.

The world's biggest automaker revised up its fiscal year net profit forecast to 2.0 trillion yen from an earlier 1.78 trillion yen, and said full-year revenue would come in at 26.5 trillion yen, from a previous 25.7 trillion yen estimate.

It also booked a 1.13 trillion yen net profit for the six months through September, from 1.00 trillion yen a year ago, while half-year revenue rose 3.3 percent to 12.94 trillion yen.

The report came a day after rival Nissan said its half-year net profit rose 25 percent to $2.3 billion and number-three Japanese automaker Honda last week reported a nearly 19 percent jump in its six-month net profit to $2.67 billion.

The Japanese auto industry has benefited from the big-spending policies of Prime Minister Shinzo Abe, with huge monetary easing measures from the premier's hand-picked team at the Bank of Japan helping push down the yen since last year.

A weaker yen boosts the competitiveness of exporters and inflates their repatriated overseas profits, although analysts say the effect has been waning in recent months.

"The lower yen is undoubtedly a tailwind but factors other than that have not improved significantly from the first quarter," said Credit Suisse analyst Masahiro Akita.

"It is unclear how demand in China -- a core market for Japanese automakers -- will fare" in the coming months, he added.

Nissan and Honda both warned over slowing sales in China, while Toyota reported a decrease in sales across Asia, including Thailand, which has been hammered by political unrest.

Japanese automakers' sales in China fell off a cliff in late 2012 and into last year as a Tokyo-Beijing row over disputed islands sparked a consumer boycott of Japanese brands in the world's biggest vehicle market.

While demand has been recovering, rivals including General Motors and Volkswagen sought to capitalise on the diplomatic tussles by grabbing market share away from Japan's top three automakers.

There are also growing fears about the entire industry's prospects in China owing to concerns about the health of the world's number-two economy.

"I suppose there is still some of that (anti-Japanese sentiment), but they needed to justify their production cuts," Christopher Richter, an auto analyst at brokerage CLSA in Tokyo, told AFP, referring to Nissan.

"Maybe they thought people would accept the Japanese brands a bit more quickly than they imagined.

"The other difficult spot has been Japan...(but) performance in the US has been good, so that's good news for US-oriented makers like Honda and Nissan."

Toyota said half-year sales in Japan were down slightly at 1.03 million units, while it posted a rise in North America and Europe.

EU misspent nearly 7b euros last year: watchdog

AFP, *Brussels*

The European Union misspent nearly 7 billion euros ($8.76 billion) in 2013, an ombudsman said Wednesday, warning that Brussels must focus on getting better results for its money.

The so-called error rate for spending fell to 4.7 percent in the EU's 2013 budget of 148.5 billion euros, against 4.8 percent the previous year, the European Court of Auditors said.

The report comes as Brussels faces increasing pressure from member states to tighten spending, especially amid a row with Britain over a huge demand for back payments.

"From now on, there has to be more careful management and control of EU funds," said Vitor Caldeira, the head of the independent watchdog.

"Once again it is clear from our audit just how much of that spending is not in compliance with the rules."

The European Commission, the powerful executive branch of the 28-nation EU, said the report showed its efforts to tackle misspending were "starting to pay off".

The watchdog said the two most error-prone spending areas were regional policy, with a misspending rate of 6.9 percent, and rural development, on 6.7 percent, the auditor said.

It cited mistakes including a company claiming funds as a small business when it was actually owned by a large firm; the managers of an airport project adding to a contract without letting other firms bid; and a farmer claiming a subsidy for grassland that was partly covered by bushes and trees.

The EU's focus on a "use it or lose it" approach, instead of checking how well money was spent, is a "fundamental flaw in the design of much of the EU budget," it added.

It said however that the figures were "not a measure of fraud, inefficiency or waste" but examined how EU money was not spent within the bloc's rules.

Caldeira called for "more incentives to improve performance and to deliver value for money."

RESTRICTED
E in C's Branch
Works Directorate
Dhaka Cantonment

Notice No. 400/Ad/62/E-4 Dated: 28 October 2014

Invitation for Tenders

Military Engineer Services

1.	Ministry/Division	Ministry of Defence.
2.	Agency	Military Engineer Services.
3.	Procuring entity name	E in C.
4.	Procuring entity district	Dhaka.
5.	Procurement method	Open Tendering Method (TOM).
6.	Budget and source of funds	GOB.
7.	Development partners (if applicable)	None.
8.	Project/programme name(if applicable)	Expansion of Physical Facilities of the Defence Service Command and Staff College (DSCSC) at Mirpur Cantt.
9.	Selling of tender will commence from	06 November 2014 (during office hour).
10.	Selling of tender will close on	19 November 2014 (during office hour).
11.	Last date & time of submission of tender	20 November 2014 at 1200 hours.
12.	Date & time of opening of tender	20 November 2014 at 1230 hours.
13.	Name & address of the office(s)	
	Selling tender document	Tender Selling & Information Centre at GE (Army) Project Dhaka & AHQ, E in C's Branch, Works Directorate, Dhaka Cantonment.
	Receiving tender document	Tender Selling & Information Centre at GE (Army) Project Dhaka.
	Opening tender document	Tender Selling & Information Centre at GE (Army) Project Dhaka.
14.	Eligibility of tenderer	a. MES enlisted contractors Class 'B' & 'C' for Lot No. 15(a). b. On receipt of DGFI clearance with others Department (equivalent classes) contractors may also apply for tender. c. Having experience of similar work mentioned in Lot No. 15(a) amounting Tk. 1,00,00,000.00 in a single tender during last 05 (five) years.
15.	Brief description of works	

Lot No.	Identification of lot	Location	Price of tender document (non-refundable)	Tender security in the form of Bank Draft/Pay Order in favour of AHQ, E in C's Branch, Works Directorate, Dhaka Cantt. (Taka)	Completion time in weeks/months
1	2	3	4	5	6
a.	Provision of 1x1000 KVA Transformer including ancillary works for extended portion of academic building with library (8-storey with 8-storied foundation) for DSCSC at Mirpur Cantt (Phase-2, Group-2).	Mirpur Cantt.	3,000.00	3,82,000.00	03 (three) months

16	Name of official inviting tender	Director of Works.		
17.	Designation of official inviting tender	Director of Works.		
18.	Address of official inviting tender	Army Headquarters, E in C's Branch, Works Directorate, Dhaka Cantonment. Web address: www.army.mil.bd		
19.	Contact details of official inviting tender	Tel No. 9832870	Fax No. 9832876	E-mail- wksdte@army.mil.bd
20.	The procuring entity reserves the right accept or reject all tenders.			

Actg Director of Works
Works Directorate
Engineer in Chief's Branch
Dhaka Cantonment

ISPR/Army/2014/2885
GD-4107

Saudi reliance on oil dangerous, says billionaire prince

AFP, *Jeddah, Saudi Arabia*

The fall of crude oil prices below $80 a barrel proves Saudi Arabia's reliance on petroleum revenue is "dangerous", billionaire Prince Alwaleed bin Talal said on Tuesday.

"Clearly the fact that the price of oil went down to below 80 proved that we were correct by asking the government to have other sources of income", Alwaleed told reporters in the western Saudi city of Jeddah.

"Saudi Arabia depends 90 percent on oil, which is not right, it's wrong and it's dangerous, actually," added the prince, who is a nephew of King Abdullah.

The prince is one of the world's richest men, whose investments span a range of sectors including global media and hotel brands. He is also a philanthropist known for his outspoken views in the conservative kingdom.

His comments came as the benchmark US crude price hit a three-year low of $75.84 on Tuesday before recovering slightly. Brent North Sea crude dropped to $82.02 at one point -- its lowest level in four years.

Prices had already begun falling heavily on Monday "after it was reported that Saudi Arabia cut its selling price to the US possibly in a bid to compete with US shale oil", Singapore's United Overseas Bank said in a note to clients.

The kingdom is the biggest producer in the OPEC oil cartel, which is to hold a key production meeting on November 27 in Vienna.

International Monetary Fund chief Christine Lagarde has warned that oil-dependent Gulf states will face budget shortfalls if the decline in oil prices persists. They have fallen sharply since the middle of June owing to a global supply glut.

Alwaleed said the price fall points to the need for Saudi Arabia to have "an active sovereign wealth fund and to put in it all the excess foreign exchange that you have, all the money you have, and have it earn somewhere between five to 10 percent."

AFP

***Third from left*, Saudi billionaire owner of Kingdom Holding Company Prince Alwaleed bin Talal visits the location of the Kingdom Tower and the Kingdom City in Obhor, 30 kilometres north of Jeddah City, on Tuesday.**

This would be similar to the sovereign funds in Kuwait, Abu Dhabi and Norway, he said. Saudi Arabia said in June it was preparing to launch its first sovereign wealth fund.

The mustachioed Alwaleed made his comments during a visit to the site of Kingdom Tower, which will rise more than one kilometre (almost 3,300 feet) to be the world's tallest building.

Alwaleed's Kingdom Holding is a founder of the company developing the project, first announced three years ago and which will top Dubai's Burj Khalifa, currently the record-holding skyscraper.

Kingdom Tower is slated for completion in 2018, Alwaleed said.

Cranes tower over the four-storey foundations of the building, whose final height will only be declared later.

"It's very confidential," said Alwaleed, adding the building would include a hotel, apartments and offices.

He denied it would add to a glut of office space in the kingdom.

"This is a very mixed-use project," he said under a tent in the humid air, as hammering sounded within the metal, wood and concrete building skeleton behind him. "We are in the process right now of pre-sale," he said.

"All underground work has been completed completely and right now we are on the verge of building a floor every four days. Clearly we expect demand to be tremendous." The 170-storey tower is being developed at a cost of 4.6 billion riyals ($1.2 billion) as "a global icon of Saudi Arabia's progress, success and achievements," its developers said in a statement.