

# China invites private investors to help build \$318b of projects

REUTERS, Shanghai

China's state planning agency on Monday released a list of more than 1,000 proposed projects totalling 1.97 trillion yuan (\$317.75 billion) that it is inviting private investors to help fund, build and operate.

The National Development and Reform Commission said the 1,043 projects, in sectors such as transport, water conservancy and public services, will be done as public-private partnerships (PPP).

An NDRC statement on its website did not say whether private investors will include foreign firms.

As its economic growth slows, China is increasingly turning to PPP, a model not commonly used, to fill a widening funding gap as Beijing clamps down on traditional off-balance sheet borrowing methods used by local authorities.

The list includes projects planned for 29 areas including capital Beijing and south-

eastern Jiangxi province.

"The publication of this library of PPP projects is to help speed up the adoption of the PPP model, and to encourage and guide social capital into the provinces, autonomous regions and municipalities," the NDRC said.

Among items on the lists, which include contact details, are a 51.9 billion yuan project to build two subway lines in the eastern city of Hangzhou, and a 6.4 billion yuan hospital in Urumqi, the capital of Xinjiang.

Beijing is striving to rein in local government debt, estimated at around \$3 trillion, but there are signs that the clampdown is having an adverse impact on existing projects.

Chinese policymakers on May 15 ordered banks to keep lending and not reduce the size of their loans to local government projects under construction, especially urban subways and affordable housing.

## Portugal, like Europe, loses hunger for reform

REUTERS, Sintra, Portugal

Celebrated among Europe's elite as a model of how to reform an economy after a debt binge, Portugal's enthusiasm for change has waned as Europe loses its appetite for further belt-tightening.

With Greece's future in the euro uncertain, after its leftist government all but tore up a reform-for-aid deal, Europe's policy setters are putting an extra shine on other countries that were bailed out - in part to avoid a spillover.

They have declared Portugal, following on the heels of Ireland, a recovery success story after a debt crisis that started with a financial crash and drove countries from Greece to Ireland to the brink of bankruptcy.



Morshed Alam, chairman of Mercantile Bank, presides over the 16th annual general meeting of the bank at Bashundhara Convention Centre in Dhaka on Sunday. M Ehsanul Haque, managing director, was also present. The bank declared 10 percent cash dividends for 2014.

## Iran to scrap monthly petrol subsidy

AFP, Tehran

The reports said a litre of standard petrol will retail at 10,000 rials (around 34 US cents) and super will cost 12,000 rials. Diesel will sell for 3,000 rials a litre. Iran last increased the cost of petrol in April 2014, when prices rocketed by 75 percent.

By removing the fuel subsidy, Iran, which is under a crippling international sanctions regime because of its disputed nuclear drive, hopes to help tackle its budget deficit. Iran approved its budget for the current fiscal year which began in March with oil accounting for just a quarter of revenues after a global fall in prices of crude.

The Islamic republic has the world's fourth largest oil reserves, and crude is its main source of foreign currency. But crude exports have fallen from more than 2.2 million barrels per day in 2011 to about 1.3 million bpd because of an oil embargo imposed by the United States and the European Union in



M Nazeem A Choudhury, head of consumer banking at Eastern Bank, and Shawn Hakim, chief operating officer of Rancon Motorbikes, sign a customer benefit agreement in Dhaka recently. EBL cardholders can now pay for motorbikes from Rancon in 12 monthly interest-free instalments.



Rahat Shams, head of retail banking at NRB Bank, and Md Sayedul Islam Bhuiyan, head of sales and marketing at Grand Sultan Tea Resort & Golf, exchange documents of a customer benefit agreement signed recently. All cardholders of the bank will get 55 percent discount on rooms and 10 percent discount on food at the resort.

## Oil prices up in Asian trade

AFP, Singapore

Oil prices rose on bargain-hunting in Asia Monday after falling last week but a supply glut and a resurgent dollar are likely to temper gains, analysts said.

US benchmark West Texas Intermediate for July delivery climbed 14 cents to \$59.86 a barrel and Brent crude for July added eight cents to \$65.45 in late-morning trade.

Bernard Aw, market strategist at IG Markets Singapore, said the rise was due to "some dips buying" after last week's losses.

"Signs of increased drilling activity as US drillers add onshore rigs as well as falling US crude production have likely also delivered a boost to sentiment," he added.

"However, it is good to bear in mind that US supplies remain high and a dollar resurgence may temper any upticks in oil prices."

## Tax benefits for IT sector likely to be extended

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The freelancing community has further supplemented IT exports, raking in close to \$7 million in 2010, for instance.

Bangladesh appears consistently in top freelance work locations on sites like oDesk, eLance and the likes, said a study by KPMG in 2012. It said Bangladesh's IT sector holds growth prospects owing to the international companies' hunt for low-cost outsourcing destinations.

The country offers a vast pool of young, trained and English speaking resources -- available at costs almost 40 percent lower than in established destinations like India and the Philippines.

The study said, with wages and operating costs rising in traditional outsourcing destinations like India and the Philippines, Bangladesh's prospects are rising.

The country offers attractive business opportunities for multinationals interested in outsourcing or offshoring, the KPMG study added.

## Regulator asks DSE to explain technical failure

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The post of CTO at the Dhaka bourse has remained vacant for the past year, and the management is running its IT department with junior executives.

The latest incidents raised question over the management's competency in running and maintaining the matching engine, the main trading server. The reasons for the malfunction are also yet to be identified, and no responsible official from the DSE wanted to make comments on the issue.

Stock trading resumed at 12:15pm and continued until 4:15pm; share transactions usually take place between 10:30am and 2:30pm every working day.

The problem first arose on Sunday after the bourse's main engine failed to process the trading information uploaded by TREC (trading right entitlement certificate) to start the day. TREC holders are required to upload information on their clients and portfolios everyday prior to the beginning of share transactions.

Though the DSE officials, with the help of the software vendor's professionals through online communication, could process the information for Sunday, the TREC holders faced the same problem yesterday as well.

NASDAQ OMX, the world's largest exchange company, provided the matching engine that was launched in December last year to ensure smooth share transactions, as the previous MSA-Plus software was a faulty one.

The glitch however could not mar market sentiments as investors brushed away the issue with the benchmark index hitting a two-and-a-half-month high, soon after opening. DSEX, the benchmark general index of the DSE, went up 130.39 points or 2.9 percent to finish the day at 4,615 points, the highest level since March 11.

"Investors might be anticipating further stability in the market as the government is coming up with capital market friendly proposals in the upcoming budget," said LankaBangla Securities.

The day's turnover, another important indicator of the market, also jumped up 149 percent to Tk 855.78 crore on transactions of 21.52 crore shares and mutual fund units.

Gainers outnumbered losers 250 to 49, with 17 securities unchanged on the premier bourse.

Khulna Power Company dominated the turnover chart with 59.96 lakh shares worth Tk 45.84 crore changing hands, followed by United Power Generation and Distribution Company, Bangladesh Submarine Cable Company, AFC Agro Biotech and RAK Ceramics.

The seventh ICB Mutual Fund was the day's best performer, advancing 10 percent, while Shyampur Sugar Mills was the worst loser, slumping 5.97 percent.

## Troubled Malaysia Airlines to be completely revamped: new CEO

REUTERS, Kuala Lumpur

Loss-making Malaysia Airlines is set to undergo a complete overhaul as it is restructured into a new company, with a rebranding that will be unveiled next week and changes planned to its fleet and network strategies.

Christoph Mueller, who joined from Irish national carrier Aer Lingus, said in his first ever interview since taking over as chief executive on May 1 that the new company will be like a "start-up". A new name and livery are on the cards for Malaysia Airlines (MAS), sources told Reuters.

"I'm hired to run the new company entirely on commercial terms and there's very little margin for error," Mueller told Reuters at the downtown Kuala Lumpur office of Malaysian state investor Khazanah, which took MAS private late last year as part of a 6 billion ringgit (\$1.66 billion) restructuring.

"It's not a continuation of the old company in a new disguise, everything is new," said Mueller, who helped turn around carriers such as Aer Lingus, Belgium's Sabena, and Germany's Lufthansa.

Khazanah said on Monday that the chairman of audit firm PricewaterhouseCoopers Malaysia has been appointed to oversee the move of MAS' assets and liabilities to a new company, Malaysia Airlines Bhd, which is due to start operating by September.

The airline, which has seen successive years of losses, suffered huge damage to its brand after flight MH370, carrying 239 passengers and crew, disappeared in

March last year, in what has become one of the greatest mysteries in aviation history.

In July, Malaysia Airlines Flight MH17 was shot down over rebel-held territory in eastern Ukraine, and all 298 aboard were killed.

Apart from the brand, analysts say that the key to a revival will be the management's ability to reduce costs, deploy capacity more efficiently, create a profitable network that leverages on Kuala Lumpur's position as a regional hub, and partnerships with other airlines.

MAS, in the past, was also hindered by disagreements between the management and the unions, which opposed job cuts. The government also interfered in the day-to-day running of the airline, and commercial contracts were often awarded to suppliers with political connections.

MAS has announced plans to lay off about a third of its 20,000 work-force, expected in the coming week, and will also shrink its capacity this year.

Mueller confirmed that the carrier has been trying to sell two of its A380s and will likely have fewer planes overall, but added that the new company will keep all of its current types of aircraft including the Airbus A330s, Boeing 777-200s and 737-800s.

Competition has been intense at home, where low-cost carrier AirAsia has taken much of the short-haul market from MAS and affiliate AirAsia X has provided stiff competition in the medium and long-haul markets.

The airline's costs are 20 percent above its rivals and Mueller said it will take 3 years to close that gap and return to profitability.

"We are not without our weapons. It's

## Five companies buy bid docs for satellite project

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The government also plans to later form a company to operate the business and deal with other maintenance issues properly, officials added.

The Executive Committee of the National Economic Council had earlier approved a Tk 2,967 crore fund on September 16 last year to help achieve the vision of launching the country's own satellite.

Of the amount, Tk 1,652.44 crore will be provided by the bidder with the government paying the rest.

Among the potential bidders, CGWIC had earlier offered the government to run its first satellite on another orbital slot for an amount that was Tk 500 crore lower than the government's estimation.

The main focus is to find the best quality and optimal service provider, rather than picking the cheapest alternative among the bidders for the project, officials said.

Tender documents also show that the Bangladesh government will provide sovereign guarantee to any bidder that offers at least 85 percent of the total financing requirement.

The condition will stand as part of the appraisal and negotiation process, it adds.

BTRC only restricted tender participation to companies that have successfully manufactured and launched at least 15 commercial satellites and have a minimum of 10 years in operating experience, officials said.

The satellite will break even within seven years and help save hefty amounts of foreign currency in its 15-year life span, according to an estimate.

BTRC has selected two locations for the satellite's ground handling -- at Telecom Staff College in Gazipur and Betunia Earth Station in Rangamati.

The government is also required to provide the land for ground stations along with other utilities, such as electricity, sewage, water and internet services to support development efforts of the winning bidder, according to the tender documents.

Bangladesh aims to serve local demand for a CBS satellite through the launch of the satellite, as well as offer commercial services to neighbouring and regional countries, like Indonesia and the Philippines. The satellite could also deliver to Turkmenistan, Kyrgyzstan and Tajikistan, given that the frequency is properly coordinated.

## FBCCI gets new president

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His panel won 12 of the 16 directorial posts from the chamber group, and 13 of the 16 from the association group.

Shadhinota Babosayee Parishad, led by former first vice-president Monowara Hakim Ali, grabbed four directorial posts for the chamber group, while Babosayee Oikya Parishad led by Syed Moazzam

Hossain, Kazi Ertaza Hassan and Shafquat Haider bagged three posts. This year, 63 candidates contested the election, of which 30 vied from the chamber group and the rest from the association group.

However, 10 directors from leading chambers and another 10 directors from leading associations were nominated as directors of the FBCCI as per rules.



Mohammad Iqbal, executive vice president of Midland Bank, opens the bank's new ATM booth at Aganagar branch in Keraniganj recently. Mostafizur Rahman, head of cards, was also present.



Muhammed Ali, chairman of the Social Marketing Company (SMC), attends the company's annual conference held at Pan Pacific Sonargaon Hotel in Dhaka on