

ECB to say how much Greek banks need to survive

REUTERS, Frankfurt

The European Central Bank is expected to say on Saturday that Greece's battered banks need up to 14 billion euros (\$15.4 billion) in fresh capital in order to survive.

It comes after years of economic decline in Greece - bailed out three times by international lenders - that has forced some 42 billion euros to be set aside against bad loans.

Although the banks are currently being kept afloat by access to money through the euro zone monetary system, there is a rush to get recapitalisation completed.

If it is not done by the end of the year, new European Union rules mean large depositors such as companies may have to take a hit in their accounts.

The announcement, to be made at 0930 GMT, follows a series of stress tests on the banks to see how they are faring after the long-running dispute over reforms demanded of Greece for international support.

The four main banks concerned are

National Bank of Greece, Piraeus, Alpha Bank and Eurobank.

This bailout stand-off between leftist Prime Minister Alexis Tsipras and his country's international backers - the International Monetary Fund and European Union - almost saw Greece tumble out of the euro zone.

It led to the freezing of central bank funding for Greece's banks and forced controls on cash withdrawals. Although the latter helped stem a further haemorrhaging of savings, it squeezed the economy, making it harder for borrowers to repay loans.

Of a new 86-billion-euro bailout of Greece, 25 billion euros is earmarked as a backstop for banks.

The fact that the capital hole is smaller than this may encourage investors and limit the amount of cash that Athens has to spend in a bailout that tangles the state further in the ownership of the four big groups.

To reach their conclusion, the ECB's supervisors are set to count into their calculation roughly 12

billion euros of future tax rebates that the Greek government could pay its banks.

The assessment looked at how many loans would go unpaid if the country's economy performs as expected up until 2017 - the so-called 'baseline'. It will also simulate a 'stress' scenario, where the economy dips further.

Under the baseline scenario, the stress test will show a capital gap of about 4.5 billion euros for the four banks, one banking source has told Reuters. Adding the 'adverse' or stress scenario, the gap could be as high as roughly 14 billion euros.

Greek bankers hope that private investors will buy shares in the lenders. But Greece's future and that of its banks remains uncertain, despite the latest checks.

A fall of more than two thirds in the banks' stock prices this year has served as a reminder of the risks.

Greece on Friday put forward a bank recapitalisation bill that outlines how new funds will be pumped into the banks.

Porsche recalls close to 60,000 vehicles over leak

AFP, Berlin

Porsche said on Friday it would recall close to 60,000 vehicles worldwide due to risks of engine leaks.

The luxury arm of beleaguered auto giant Volkswagen said the recall would apply to its Macan S and Macan Turbo models, which could be prone to leaks in a low-pressure fuel line in the engine compartment.

"This is a purely precautionary measure, as there have been no reports of accidents or injuries as a result of this concern," Porsche said in a statement.

A total of 58,881 cars will be recalled, including 21,835 in the US, 3,490 in Canada and 3,641 in Germany, the company said.

Owners of the affected vehicles will be contacted by local dealers, who will perform the estimated one-hour repair.

Oil groups slash costs, but investors spared

AFP, Paris

Oil titans are slashing costs and investments as a plunge in oil prices batters profits but there is still one area they dare not touch: dividend payouts to investors.

Crude oil prices have more than halved since mid-2014 in a global glut, squeezing the financial results at major oil groups and forcing them to rethink the viability of some of their costlier oil exploration plans.

British energy giant BP, ravaged by the 2010 Gulf of Mexico oil spill, said profit plunged 64 percent in the third quarter of this year. BP has axed its 2015 investment budget by \$4 billion (3.6 billion euros) compared to last year.

"We are now in action to rebalance our financial framework in this new price environment," BP chief executive Bob Dudley said.

At Royal Dutch Shell, the pain was more intense as it took losses of \$7.4 billion in the third quarter on huge write-downs after scrapping expensive projects in Alaska and Canada, vowing to become a "more focused and competitive company".

ExxonMobil, the world's biggest listed oil group, based in Irving, Texas, suffered a 47.5-percent plunge in net profit, insisting it has a relentless focus on business fundamentals such as costs "regardless of commodity prices".

Likewise France's Total, which reported a 69-percent fall in net profits for the same period and trimmed its investment budget for this year by 10 percent, or Italy's Eni which made a loss of 952 million euros and Norway's Statoil which reported losses of 299 million euros.

In an all-out battle to cut costs, however, dividend payouts to shareholders remain intact.

"The big oil companies are all slashing capital expenditure to enable breakeven operations at around \$60 per barrel," said Jasper Lawler, analyst at European financial trading specialists CMC markets.

"The idea is that in the medium term oil prices will average \$60 per barrel. This allows big oil to keep dividends intact by using low interest rates to fund up debt levels in the short term," Lawler said.

Oil groups will do anything to avoid lowering payouts to their shareholders, said Alexandre Andlauer, analyst at French equity research group AlphaValue.

"They preferred to cut capital expenditure again by two or three billion rather than touch the dividend," Andlauer said. "The majors want to respond to market expectations, in this case investment funds," he said.

Oil companies have long strived to pay regular dividends to keep their shares attractive to investors through good times and bad.



Atiur Rahman, governor of Bangladesh Bank, and Azam J Chowdhury, chairman of Prime Bank, attend a ceremony to hand over stipends to students under the education support programme of the Prime Bank Foundation, at Krishibid Institution Bangladesh in Dhaka yesterday.

Stalled reforms pull back business: DCCI

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Bangladesh dropped two positions to 174 in WB's rankings in ease of doing business due to stalled regulatory reforms. The WB released the report last week globally.

Only Afghanistan (ranking 177) among the eight South Asian countries came in lower than Bangladesh. Bhutan topped the ranking (71) in South Asia, followed by Nepal (99), Sri Lanka (107), Maldives (128), India (130) and Pakistan (138).

Not only that, countries like India, Sri Lanka, Vietnam, Indonesia and Cambodia have all improved in their rankings in the new report.

Even Myanmar and Mauritania, which were below Bangladesh in the index last year, have moved ahead of

Bangladesh now. War-torn Iraq (161) and Yemen (170) ranked above Bangladesh as well.

"I will say this is the best time to invest in Bangladesh as the interest rate in the banking system has been lowered due to higher liquidity," said Khaled.

"But we need a steady supply of gas and power so that we can run the industries smoothly," he said.

Although the quality of electricity supplied to the households has improved to some extent, the quality of supply to the industrial units fell, he added.

Bangladesh has reformed many old acts and regulations in investment, foreign exchange, customs, public private partnership, export and import

policies and companies act, but execution of those reforms is still slow, he said.

"We can take Bangladesh to a higher WB rank quickly if we can change a few things in the bureaucratic and regulatory matters. India's position was upgraded this year only because of reforms in a few regulatory issues," said Khaled.

Regarding the potential of Bangladesh, he said if the country can ensure the quality of gas and electricity supply, 3,000 new small and medium industries can be established soon in Chittagong alone.

"We hope the government will consider the WB report positively and take action for the regulatory reforms and execution of projects."

Freight cost on Ctg-Pangaon river route goes up 47pc

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However, the comparatively higher feeder freight and other tariffs for the Pangaon terminal, a lack of logistical support in and around the terminal and a lack of vessels plying the route have been discouraging exporters, importers and shipping liners from using the route.

Only 2004 TEUs (twenty-foot equivalent units) of containers, both export and import, were transported by the three vessels to date, according to CPA.

Port users said the cost of transporting goods between Chittagong port and Pangaon terminal is much higher than transporting goods between the port and the inland container depot in Kamalapur by railway or to industrial units in Dhaka, Narayanganj, Gazipur and Ashulia through the highways.

Moving cargo from Kamalapur depot to the port by barge would cost only \$78.88; and if the consignee directly transported a similar quantity of goods in a covered van, it would cost around \$150, port users said.

Mohammad Hatem, first vice president of Bangladesh Knitwear Manufacturers and Exporters Association, said users have long been demanding a cut in the feeder tariff on the river route.

Factory owners in Narayanganj, Gazipur and Ashulia will have to bear additional costs to carry goods from Pangaon to their factories, in addition to the transport cost between Chittagong port and Pangaon, he added.

The new feeder tariff would discourage exporters and importers from using the route, said Hatem. To popularise the river route, the tariff should be kept at previous levels or reduced for at least a year, he said.

Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry, said users may lose interest in using the route at the increased tariff. "The decision should be reconsidered."

India eyes bankruptcy reform to ease decades of gridlock

REUTERS, Mumbai

A group of government-appointed advisors has recommended sweeping changes to India's outdated and overburdened bankruptcy system, aiming to modernise a process that takes several years and costs investors and taxpayers billions.

The changes would be the most ambitious overhaul to date of rules governing the liquidation or revival of companies in India, a country with no single bankruptcy code and where competing laws, unclear jurisdictions and inadequate resources can leave cases languishing for decades.

The proposals, to be handed to the Finance Ministry as early as Monday, will impose deadlines for the first time and establish a network of insolvency professionals to lighten courts' workload and tackle delays, TK Viswanathan, chairman of the Bankruptcy Law Reform Committee, told Reuters.

Under current rules, even deciding whether to save or liquidate an ailing company can take years, leaving it in the hands of managers who can - and do - strip assets with impunity. Under the proposed changes, a

decision would have to be reached in 180 days - even 90 days for fast-track applications, Viswanathan said.

"The whole essence of our exercise is that everything is done within time," he said.

Foreign and domestic investors say the difficulty in exiting ventures can deter them from entering.

Cases such as the protracted collapse of liquor tycoon Vijay Mallya's Kingfisher Airline empire have burnt investors. The airline was grounded in 2012 with some \$1.5 billion in debt and its shares are now worthless, but creditor banks seized his former Mumbai headquarters only this year. The fate of his Goa villa is stuck in a prolonged court tussle.

India ranks 130 out of 189 in the World Bank's Ease of Doing Business report, below Lesotho and Cameroon, not least because of its poor performance in resolving insolvency.

The World Bank says it takes 4.3 years on average, more than twice as long as in China, with an average recovery of 25.7 cents on the dollar, one of the worst among similar size economies.

Troubled companies in India, or their creditors, largely turn to the

Official Liquidator, a government-appointed officer attached to the country's high courts, who administers assets and oversees liquidation.

Banks can also turn to separate Debts Recovery Tribunals (DRT), partly staffed by officials on assignment from the banks themselves and overseen by the Ministry of Finance.

Both are overstretched; on visits to their offices in India's financial capital, Mumbai, computers were often off and always outnumbered by teetering pillars of files.

In the cramped Mumbai office of the DRT, a tribunal considered far speedier than the courts, a Ministry of Finance letter on the notice board urged officials to move faster, as cases were "in many cases taking more than four years". Inside, officials complained they had little power to draw a line under languishing cases.

"They are all dead horses," said one, gesturing to the day's case list. "They are never going to run any races, but you have to keep the dead stock."

Chief among the problems is that for a single troubled company, creditors and owners can all initiate competing proceedings in different courts, tribunals and states.

WB to give \$100m to boost technical education system

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It will also expand the coverage of institutional development grants to public and private polytechnic institutions.

With the financing, an increased number of private and public polytechnics will be able to improve classrooms and laboratories, and establish industrial partnerships for internships, job placement and job counselling services.

The additional financing will also scale up the coverage of short-course trainings.

Strong polytechnic institutions can make a meaningful dent in the job market, when their offered courses match with the market needs, said Md Mokhelsur Rahman, WB team leader of STEP.

For the first time in Bangladesh, the project launched the Recognition of Prior Learning to assess and certify informal workforce, with no prior formal skills training or certification.

Now, the project will also start an apprenticeship programme in the secondary level vocational training curriculum, he added.



Mahbub-Ur Rahman Shajib, director of Butterfly Marketing, hands over two free Dhaka-Singapore-Dhaka air tickets at a programme to Md Moniruzzaman, an LG customer who won the tickets under the LG-Butterfly Swapno Purn offer.

Google sued by express delivery driver seeking wages

REUTERS, San Francisco

A driver for Google's same day delivery service filed a proposed class action lawsuit against the company on Friday, alleging it improperly classified her as an independent contractor and owes expenses.

The case, filed in a Massachusetts state court, comes days after Amazon Prime Now drivers filed a similar lawsuit against Amazon.com Inc in California.

The level of benefits owed to workers in the on-demand economy has been the subject of litigation in the courts, and debate in the US presidential race.

Financing is the main challenge in achieving SDGs

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Planning Minister AHM Mustafa Kamal said the country will be able to achieve SDGs. "We will make the country free from hunger by 2030." He hopes that the revenue-GDP ratio will rise in line with the growth of tax collection.

For instance, the revenue receipts grew 21 percent on average in the last six years, Kamal added. Robert Watkins, UN resident coordinator in Bangladesh, said he sees big challenges with implementation at the local level.

Governance is also important to reduce inequality and ensure peace and justice, he said, while calling for coordination at the higher levels of the government.

Saber Hossain Chowdhury, a ruling party lawmaker, said the main challenge in achieving the SDGs would be making sure that the government, parliament and institutions are fit for the purpose. Water Aid Country Representative Md Khairul Islam suggested giving importance to water and sanitation.

"We should really think of developing institutions. We must set priority from our national context," said AB Mirza Azizul Islam, former finance adviser to caretaker government.

Brac Founder and Chairperson Sir Fazle Hasan Abed, who chaired the event, said poverty eradication is not something that should be taken lightly.

He said the SDGs are not a government, civil society and private sector issue - it is a citizen's agenda.

"If so, they need to know what to do," he said, while suggesting inclusion of the SDGs and the targets in the school curriculum.

Procurement conference begins today

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About 50 public procurement policymakers, practitioners, experts and speakers from Bangladesh and other South Asian countries, Europe, the US, Southeast Asia and Canada will be attending the technical sessions.

Pakistan is the current chair of the South Asia Regional Public Procurement Network. Director General of CPTU Md Faruque Hossain will take over as the new chair during this conference. Other development partners in Bangladesh will also attend the conference that will conclude with the adoption of the Dhaka Action Plan.