

Pakistan shelves plan to privatise power firms, but IMF approves new loan

REUTERS, Islamabad
Pakistan has shelved plans to privatise its power supply companies and will miss deadlines to sell other loss-making state firms, reneging on promises it made to the IMF in return for a \$6.7 billion bailout three years ago.

Two government officials with direct knowledge of the situation said International Monetary Fund (IMF) officials who met Pakistani officials in Dubai this week to review progress on reforms were angered by the backtracking.

But the IMF still agreed on Thursday to release the next \$497 million tranche of that loan, leaving a further \$1.1 billion left to be released.

Announcing that its team in Dubai had agreed that the tranche should be disbursed, subject to approval by the Fund's executive board, the IMF went on to lament Pakistan's slow progress in some areas.

"While many structural benchmarks have been met, measures pertaining to the energy sector reform and restructuring of loss-making public enterprises are yet to be implemented," the IMF said in a statement.

For all the IMF's frustration over the privatisation delays, the government has pushed ahead on other reforms, Pakistani officials said.

"The energy sector reforms are on track and we have been working consistently," Finance Minister Ishaq Dar told a joint news conference with IMF mission chief Harald Finger when asked about the decision to shelve the privatisation of power supply companies.

Economists say Pakistan can expect the money to keep coming with little more than a reprimand as Western allies, and neighbours Afghanistan and India, fear an economic meltdown would further destabilise the nuclear-armed Muslim nation of 190 million, whose fragile democracy has been crippled by years of power shortages, corruption and militant violence.

Still, a rebuke would send a negative signal to international financial markets about Prime Minister Nawaz Sharif's government.

"It was embarrassing and brutal," a senior Pakistani official present at the meeting in Dubai, told Reuters, describing the IMF's response when Finger was told that the government had decided not to sell nine power distribution companies because of fear of labour unrest.

"It was nothing less than a dressing down. If the IMF still doesn't penalize us, then all I can say is, 'We're very lucky,'" the official said.

The other source, a senior finance ministry

official who was also in Dubai, confirmed the account. The ministry did not respond to calls seeking comment.

A spokesman for the IMF said earlier the Fund would not comment during a mission review. During the news conference, Finger did not address alleged tensions at the Dubai meeting, though he did acknowledge "complexities" in the process.

The IMF loan helped Pakistan stave off a default in 2013, when dwindling foreign exchange reserves covered less than six weeks of imports. Reserves have since swelled to \$20.5 billion in January from \$11 billion in mid-2013.

The privatisation of 68 state-owned companies, which include loss-making enterprises like Pakistan International Airlines (PIA) and Pakistan Steel Mills, is a crucial part of the IMF deal and was meant to bring the country's finances back on track.

Such enterprises drain about \$5 billion every year from state coffers, around an eighth of the government's fiscal revenues last year of about four trillion rupees (\$38.2 billion).

The government has made some progress, including raising more than \$1 billion by selling its entire stake in Habib Bank Ltd, but has struggled to find buyers for most of the companies and faced stiff opposition from labour unions.



Erik Aas, managing director of Banglalink, and Moeen Tariq, managing director of Concito PR, pose at the signing ceremony of an exclusive public relations agency agreement at Banglalink's head office in Dhaka yesterday.

Apple ordered to pay \$625m in patent dispute with VirnetX

REUTERS, New York

Apple Inc must pay VirnetX Holding Corp more than \$625 million for using the patent licensing company's Internet security technology without permission in its FaceTime and iMessage features, a federal jury in Texas said on Wednesday.

The award was more than the \$532 million VirnetX had sought before the trial

began on Jan. 25 in Tyler, Texas. The jury said Apple's infringement was wilful.

VirnetX stock was trading at \$9.30 after hours, up 94 percent from its Wednesday close. Apple was down 45 cents to \$95.90 in after-hours trading.

The verdict, though a blow for Apple, does not pose a threat to the company, which reported in January that its cash pile had reached \$216 billion. Still, the amount is high for a patent case.



Humayun Kabir, executive director of Walton Hi-Tech Industries, receives Best Pavilion Award from Tofail Ahmed, commerce minister, at the concluding ceremony of the month-long Dhaka International Trade Fair in Agargaon, Dhaka on Sunday.

Microsoft teams up with education ministry to launch skills training initiative

STAR BUSINESS DESK

Microsoft Bangladesh and the primary and mass education ministry have recently signed a memorandum of understanding to work on improving skills and employability by enabling educators to use technology in a better way.

The agreement under the "Partners in Learning" programme is a global initiative, Microsoft said in a statement yesterday.

The initiative relies on several essential and proven components like training for educators and educational leaders, research on the best innovations and building professional com-

munities to ensure that every student has the benefit of a global network of empowered educators.

Microsoft and the ministry will cooperate and focus on a number of initiatives, including Microsoft Shape the Future, ICT Policy workshops for education and Microsoft Innovative Educators.

"Microsoft has been working very closely with the government to align with the government's Digital Bangladesh initiative," the statement quoted Sonia Bashir Kabir, managing director of Microsoft Bangladesh, as saying.

"Education is an important thrust area and we

are very excited to be partnering with the Ministry of Primary and Mass Education to help shape the future of the children of Bangladesh."

Signing the MoU with Microsoft will enable us to give a boost to ICT education at the primary level, said Humayun Khalid, education secretary.

"I hope this initiative will meaningfully contribute to human resource development which in turn will also contribute to the macro-economic development of Bangladesh."

Md Alamgir, director general of the Directorate of Primary Education, was also present.

Egypt sees World Bank funds arriving soon, eyes more Saudi aid

REUTERS, Cairo

Egypt expects to receive a \$1 billion World Bank loan approved in December once outstanding paperwork is finalised and is negotiating to secure more aid from Saudi Arabia, International Cooperation Minister Sahar Nasr said on Thursday.

Egypt has been negotiating billions of dollars in aid from various lenders to help revive an economy battered by political upheaval since the 2011 revolt and ease a dollar shortage that has crippled import activity and hampered recovery.

The first \$1 billion tranche of a three-year, \$3 billion loan from the World Bank to support Egypt's budget was approved by the lender in December and was expected to arrive soon after.

But Egyptian media has questioned whether the money would come as the programme is linked to the government's economic reform programme, including plans for value-added tax (VAT).

Egypt's new parliament, which held its first session last month, ratified the vast majority of economic laws passed by presidential decree during the three years in which Egypt did not have a legislative house. But it has yet to ratify the government's economic plan or the World Bank loan itself.

"We are just working on submitting the required documentation. It is nothing. We are normal. There is nothing (to say) about it," Nasr told Reuters in a telephone interview.

"We need all the documentation, any law, any decree that we put we have to submit in English ... Decrees on subsidies, laws for the establishment of industrial

zones, fiscal reforms ... I thought I would wait for parliament to ratify everything meanwhile."

The World Bank told Reuters in December that the first tranche was focused on "10 prior actions for policy and institutional reforms" already implemented. The second and third tranches are linked to additional reforms the government plans.

"The whole reform programme will need to be done and not just the VAT being out. We need to have executive regulation in place and be operational," said Nasr, an ex-World Bank official.

Nasr said a \$500 million loan for budget support from the African Development Bank, part of a \$1.5 billion three-year programme also signed in December, had been transferred.

Since those loans were approved Egypt has secured multi-billion-dollar aid commitments both from China and Saudi Arabia and signed major investment deals with Russia.

Egypt was in talks with Saudi Arabia to secure more aid, Nasr said, declining to give details.

Egypt was also working to iron out the details of a Saudi pledge to invest \$8 billion in Egypt but Nasr said she was taking time to approve projects that were ready to go.

Egypt has previously signed preliminary deals on big-ticket investments that were later downsized or delayed.

Nasr said the government was still negotiating the details of a Saudi pledge to provide Egypt with petroleum aid over five years. Egypt signed an initial three-month deal with Riyadh to meet immediate needs while talks were ongoing.

Brokers ask govt to reconsider profit sharing of Titas Gas

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"It was major price sensitive information, but it was not disclosed properly," alleged the association's president. It had a negative impact on the Titas Gas share prices, he said.

As a result of the new profit distribution margin, Titas Gas has recommended only 15 percent cash dividends for 2014-15, the lowest since its listing on the stock exchanges in 2008; its earnings per share for July-September this fiscal year came down to Tk 1.57, from Tk 2.37 in the same time last year.

The company's share price dropped to below Tk 50 yesterday, though its price never dipped below Tk 60 in the last two years. It also left a negative impact on the six other listed state companies.

"All the seven companies have lost over Tk 5,000 crore in market capitalisation since August 30 last year, due to a fall in their share prices," Islam cited, adding that neither Bangladesh Securities and Exchange Commission nor Dhaka Stock Exchange took action against Titas Gas.

"We are requesting the government to revise the profit distribution margin and fix it at a rational rate," he said, urging the government to discuss the matter with the stockmarket regulators prior to taking any sensitive decision, especially on the listed state-owned companies.

Any comment without appropriate evidence leaves a negative impact on the capital market, he added.

"If there are irregularities, action can be taken after identifying those," he said, referring to the recent negative comments on the capital market that affected the market adversely. The market lost around Tk 2,500 crore in market capitalisation in just two weeks due to the negative comments, he said. Stocks, however, closed almost flat yesterday. DSEX, the benchmark index of DSE, slightly declined 2.21 points or 0.04 percent, to finish the last day of the week at 4,571.11 points.

Of the traded issues, 149 advanced, 122 declined with 53 securities closing unchanged on the premier bourse. Turnover, another important indicator of the market, declined 17.4 percent to Tk 342.45 crore, with 10.7 crore shares and mutual fund units changing hands on the DSE.

Referring to the government probe report on the market crash of 2010, Islam said the report was mainly based on opinion, not facts and figures. "That's why proper action cannot be taken."



Mario Palma, Italian ambassador, cuts a ribbon to open an outlet of Lotto at Rampura Bazar in Dhaka yesterday. Kazi Jamil Islam, managing director of Lotto Bangladesh, was also present.

Importers move to curb illegal inflow of handsets

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However, the association is not planning to take any action against the unregistered handsets currently in use, officials said.

"For now, we are focused on digitising the registration process, and may use it for regulatory purposes after the database is properly enriched over the next few years," Haque said.

Some 50,000 handsets are stolen or lost in Bangladesh every year, and a proper database will help with recovery and curb related crimes, the association said.

Currently, fake IMEI are not detectable in

Bangladesh, which makes it easy to use those to carry out criminal acts like kidnapping, officials said, for which they are working to stop the inflow of such fake IMEI handsets.

Bangladesh imported 2.59 crore handsets last year, with 15 percent year-on-year growth.

On December 16 last year, all mobile phone operators began the re-registration process for all subscriber identity modules or SIMs through the biometric system, also to boost security.

Retaining quality accountants a challenge: analysts

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Abbas Uddin Khan, a former president of ICAB, said there has to be a political will to improve public sector financial management. The remuneration structure at state enterprises also poses a challenge.

"If a bank pays a salary of Tk 2.5 lakh to a chartered accountant then why should they join a government entity which will give them Tk 40,000?" he asked.



Officials of RFL pose during a dealers' conference, at the RFL Industrial Park in Gazipur.

EU cuts eurozone growth forecast on China

AFP, Brussel

The EU on Thursday cut its eurozone growth forecasts for this year, warning that the slowdown in China and Europe's biggest migrant crisis since World War II posed real risks.

For the 19-nation single currency area, still sluggishly recovering from the financial crisis and the near exit of Greece last year, the European Commission reduced its 2016 growth estimate to 1.7 percent from 1.8 percent.

"Risks to the economy are becoming more pronounced and new chal-

lenges are surfacing -- slower growth in China and other emerging market economies, weak global trade as well as geopolitical and policy-related uncertainty," the Commission said in its winter economic forecast.

It also warned that any suspension of the Schengen passport-free area as Europe struggles to curb the huge flow of refugees and migrants would cause further disruption.

The migration crisis, which saw more than one million people brave risky sea crossings to reach the continent last year, posed "ma-

joor political challenges" which could easily undercut growth if not properly handled, it said.

"A more widespread suspension of Schengen and measures that endanger the achievements of the internal market could potentially have a disruptive impact on economic growth," it said.

Brussels has warned of a possible two-year reintroduction of border controls in the 26-country Schengen area -- effectively suspending free movement across the zone -- over Greece's failure to secure its borders amid the migration crisis.