

# African leaders seek investments despite 'terror' threat

AFP, Sharm El Sheikh, Egypt

African leaders and bankers vowed at an economic summit in Egypt Saturday to push for trade and investments on the continent despite the growing threat of "terrorism" in the region.

More than 1,200 delegates including some heads of state were in talks to sign business agreements during the two-day summit at the Red Sea resort of Sharm el-Sheikh, aimed at attracting private sector investment.

Organisers hope the "Africa 2016" conference can build on a 26-nation free trade pact signed last year to create a common market on half of the continent.

Analysts say that despite an economic growth rate of more than four percent, Africa still accounts for about only two percent of global trade.

The forum was aimed at "pushing forward trade and investment in our continent to strengthen Africa's place in the world economy", Egyptian President Abdel Fattah el-Sisi said in opening remarks.

Sisi said the conference aims to present investment opportunities in Africa and "open a direct channel of communication and cooperation" between African businessmen and overseas investors.

Organisers are also seeking to turn the spotlight on Egypt's sluggish economy after years of political turmoil following the ouster of longtime autocrat Hosni Mubarak in early 2011.

Heavily dependent on tourism, Egypt's economy was dealt a body blow when a Russian airliner broke up in mid-air last October 31, minutes after taking off from Sharm el-Sheikh.

All 224 people on board, mostly Russian tourists, were killed when the aircraft blew up over the Sinai



Egypt's President Abdel Fattah al-Sisi and Sudanese President Omar al-Bashir attend the Africa 2016 forum, in the Red Sea resort of Sharm el-Sheikh on Saturday.

Peninsula. The jihadist Islamic State group said it brought down the jet with a bomb.

Egypt says it still has no evidence that a bomb downed the plane, although Moscow has acknowledged that a "terrorist attack" caused the disaster.

"Africa 2016 forum is expected to position Egypt as a gateway for foreign investments into African markets," Omar Ben Yedder, a member of the organising committee, told AFP.

Those attending the summit organised by Egypt and the African Union include the presidents of Sudan, Nigeria, Togo, and Gabon, and dozens of African ministers and senior trade and investment officials.

African investors should spear-head growth in the continent, which can come from developing the region's infrastructure, some delegates said.

"When our own people invest then other investors get convinced," said Sindiso Ngwenya, head of the Common Market for Eastern and

Southern Africa (COMESA). He added that trade and investments within COMESA had surged from \$837 million in 2007 to \$12 billion currently.

Officials said a robust railway network could further propel growth.

"Rail will do to Africa what it did to agriculture in Asia and even in America. If you have power and rail, Africa will explode," Benedict Oramah, president of African Export-Import Bank, told AFP.

But rising terrorism and falling commodity prices pose challenges to growth.

"The new problem affecting investments is international terrorism... lot of resources that could be used for development are being diverted to address security issues," Nigerian President Muhammadu Buhari said.

Nigeria, Africa's largest economy, is fighting a brutal insurgency launched by Boko Haram in 2009. Boko Haram, which wants a

hardline Islamic state in northern Nigeria, has killed some 17,000 people and forced more than 2.6 million others to flee their homes since the insurgency began.

Bankers say despite these challenges, the continent remains an investment destination.

"We plan to invest 12 billion dollars in the energy sector over the next five years... so that people in Africa can have universal access to electricity," Africa Development Bank president Akinwumi Adesina told AFP.

The continent still has 645 million people without access to electricity, he said, and the only way to address the issue is to widen private sector participation in the energy sector.

Africa's economy is projected to grow by 4.4 percent this year and five percent in 2017 as against three percent growth expected in developed countries, he said.

"Africa is doing well despite the challenges it is facing," Adesina said.

# Saudi oil minister to face rival US producers as price rout bites

REUTERS, Houston

This week, Saudi Oil Minister Ali Al-Naimi will for the first time face the victims of his decision to keep oil pumps flowing despite a global glut: US shale oil producers struggling to survive the worst price crash in years.

While soaring US shale output brought on by the hydraulic fracturing revolution contributed to oversupply, many blame the 70-percent price collapse in the past 20 months primarily on Naimi, seen as the oil market's most influential policymaker.

During his keynote on Tuesday at the annual IHS CERAWEEK conference in Houston, Naimi will be addressing US wildcaters and executives who are stuck in a zero sum game.

"Opec, instead of cutting production, they increased production, and that's the predicament we're in right now," Bill Thomas, chief executive of EOG Resources Inc, one of the largest US shale oil producers, told an industry conference last week, referring to 2015.

It will be Naimi's first public appearance in the United States since Saudi Arabia led the Organization of Petroleum Exporting Countries' shock decision in November 2014 to keep heavily pumping oil even though mounting oversupply was already sending prices into free-fall.

Naimi has said this was not an attempt to target any specific countries or companies, merely an effort to protect the kingdom's market share against fast-growing, higher-cost producers.

It just so happens that US shale was the biggest new oil frontier in the world, with much higher costs than cheap Saudi crude that can be produced for a few dollars a barrel.

"I'd just like to hear it from him," said Alex Mills, president of the Texas Alliance of Energy Producers. "I think it should be something of concern to our leaders in Texas and in Washington," if in fact his aim is to push aside US shale producers, Mills said.

Last week's surprise agreement by Saudi Arabia, Qatar, Russia and Venezuela to freeze oil output at January levels - near record highs - did not offer much solace and the global benchmark Brent crude

LCOC1 ended the week lower at \$33 a barrel and US crude futures CLC1 ended unchanged at just below \$30.

Prices fell sharply on Tuesday after Iran, the main hurdle to any production control in its zeal to recapture market share lost to sanctions, welcomed the plan without commitment. Iraq was also non-committal.

Many US industry executives understand that all is fair in love, war and the oil market, but "the Saudis have probably overplayed their hand," said Bruce Vincent, former president of Houston-based shale oil producer Swift Energy, which filed for bankruptcy late last year.

The fact that Opec members are talking to each other offers a ray of hope, according to some industry figures, an indication that the kingdom's own fiscal pain could prompt it to change tact and lead efforts to reach a deal. On Tuesday, Standard & Poor's downgraded Saudi Arabia's credit rating.

"The pain is at a threshold right now. People are now willing to sit down and talk about possible remedies to that pain," Mills said.

Texas, where oil production has more than doubled over the past five years thanks to the Eagle Ford and Permian Basin fields, is feeling acute pain.

The state lost nearly 60,000 oil and gas jobs between November 2014 and November 2015, according to the Texas Alliance's most recent data. Only 236 rigs are still actively drilling wells in the state, down from more than 900 in late 2014, Baker Hughes data showed.

Financial distress among US producers has deepened. More than 40 US energy companies have declared bankruptcy since the start of 2015, with more looming as lenders are set to cut the value of companies' reserves, often used as collateral for credit.

Anadarko Petroleum Corp and rival ConocoPhillips both cut their dividends this month, unusual moves that showed financial stress.

The last time Naimi spoke at CERAWEEK, seven years ago, Opec was slashing output to lift prices that sank to \$40 a barrel amid the global financial crisis, and he railed against speculators who he blamed for the price plunge.



AFP

Some people walk past the VMware company stand as facilities for the Mobile World Congress in Barcelona are set up on Saturday, before the start of the world's biggest mobile fair, held from February 22 to February 25. The mobile phone industry professionals will meet next week in Barcelona looking for a boost, in a slowed market, that could entail 5G technology, virtual reality or any other innovation in this sector in constant transformation.

# Japan's Sharp to vote on rival takeover bids on Thursday

REUTERS, Tokyo

Sharp Corp plans to choose between rival rescue offers as soon as Thursday, as a favoured bid from Taiwan's Foxconn continues to be challenged by a Japanese state-backed investment fund, people with direct knowledge of the matter said.

The board of the ailing electronics maker met on Saturday to discuss the two takeover proposals, according to the sources, who requested anonymity because they were not authorized to speak to the media.

The company's 13-member board holds a regularly scheduled meeting on Wednesday, and aims to vote on the competing offers at an extraordinary meeting the next day, the sources said.

Sharp said earlier this month that it was devoting more resources to studying a deal with Foxconn, an Apple Inc supplier known formally

as Hon Hai Precision Industry Co.

The Taiwanese firm, the world's largest electronics assembler, has offered to invest 659 billion yen (\$5.9 billion) in Sharp, far more than the 300 billion yen investment proposed by state-backed Innovation Network Corp of Japan (INCJ).

Sharp declined to comment while INCJ officials could not immediately be reached. Foxconn said it had no comment, citing previous remarks by its chairman, Terry Gou, that it was in a silent period during its negotiations with Sharp.

Gou was in Japan late in the week following a visit to Taiwan by Sharp executives. Their report formed part of Saturday's board discussions, one source said.

Foxconn said this month it had agreed with Sharp on most points of a deal, but the sources said the situation remained fluid with both bids still on the table.

The Taiwanese firm has offered to pay 100 billion yen as a cancellation fee if it does not go through with the deal, one source said.

Another source said Sharp's main lenders oppose the INCJ proposal, which calls for them to cancel the preferred shares they own.

In recent days, INCJ has made a final push, objecting to two Sharp board members who it says have a conflict of interest as they represent a fund that holds preferred shares in the electronics company, sources said.

A deal with Foxconn would give Sharp much-needed resources to develop advanced organic light-emitting diode panels, which Apple is said to be adopting in its iPhone within a couple of years.

INCJ, on the other hand, plans to combine Sharp's loss-making display business with rival Japan Display Inc.

# Smartphones to replace cards at bank machines

AFP, Washington

Here's another use for the smartphone as it invades daily life: in place of your debit card at your bank cash machine.

The "cardless" automatic teller machine (ATM) is gaining ground in the US and around the world, with smartphone technology allowing for speedier and more secure transactions.

Dozens of US banks are installing new ATMs or updating existing ones to allow customers to order cash on a mobile application and then scan a code to get their money without having to insert a bank card.

US banking giants Wells Fargo, Bank of America and Chase are in the process of deploying the new ATMs, as are a number of regional banks and financial groups around the world. Makers of ATMs and financial software groups are ramping up to meet this demand.

"We think our model (using smartphones) reduces a lot of vulnerabilities," said Doug Brown, who leads mobile technology for FIS Global, a major provider of software and technology for ATMs.

Brown said the FIS cardless system is being used at some 2,000 ATMs operated by at least 28 banks in the United States "and we're looking to rapidly expand that."

He said the system should be operational at some 80,000 machines in North America over the coming 18 months. And similar changes are coming in other countries, according to Brown.

In addition to speeding the transaction time, the smartphone-based system aims to curb the growing problem of "skimming" in which criminals steal the data on a card, often by inserting devices into the ATM card slot.

By some estimates, skimming cost the global banking industry some \$2 billion in 2015 and can lead to other kinds of fraud when card data is stolen.

"Consumers are aware of this, they really understand and welcome this," Brown said.

Another security benefit, Brown said, is that authenticating on the handset reduces the time spent at the ATM to around 10 seconds instead of the typical 30 to 40 seconds.

"The performance is kind shocking to some people, they almost jump



Dozens of US banks are installing new ATMs or updating existing ones to allow customers to order cash on a mobile application and then scan a code to get their money without having to insert a bank card.

back at the instantaneous response," Brown said. "But it provides more physical security because they can make the transaction faster."

Bank of America spokeswoman Betty Riess said the group is "currently developing a new cardless ATM solution" based on NFC or near field communication technology to allow customers to authenticate without the use of a card.

"We'll roll out this capability in late February to associates in select ATMs in Silicon Valley, San Francisco, Charlotte, New York and Boston," Riess said. "It will be followed by a broader customer launch mid-year."

Chase said it is planning a similar rollout sometime this year.

"When we first roll this out, customers will be able to request an access code through the Chase mobile app and enter it at the ATM to do their transactions," said Chase spokesman Michael Fusco.

"Later on, they will be able to use their digital mobile wallet to complete the transaction at the ATM."

Wells Fargo is also on board, developing ATMs that will allow customers to use their smartphones to obtain and eight-digit token to authorize a cash withdrawal.

The Wells Fargo system will support Android Pay, "and we'll continue to evaluate additional wallets," said spokesman Christopher Dahl.

affiliate of Bank of Montreal, began using smartphone technology at its 750 ATMs last March.

Some of the new technologies will require only a software update to the ATM, while others will need new hardware.

ATM manufacturer Diebold is testing a "headless" teller machine, without a screen or keypad, which dispenses cash from interaction on the smartphone.

"What we are saying with this is forget the card reader, forget the PIN pad, we all have these devices in our pockets," said Dave Kuchenski, Diebold's senior business development manager for new technology.

Customers need only verify their identity, which can be done with the device's fingerprint reader, or possibly with an iris scanner on the ATM.

While some existing Diebold ATMs can work with mobile applications, Kuchenski said the new concept, in testing with Citibank and others, could provide "a better user experience."

"We don't have to walk through the same process which we have had since the ATM has existed," he said.

"If we're using a mobile phone, we no longer have the need for a card, we no longer have a need for a receipt printer, we've dematerialized a lot of the devices. Banks like this, because it has fewer moving parts, so it reduces the total cost of ownership."