

# Sri Lanka's loss-making carrier seeks foreign partner

AFP, Colombo

Sri Lanka is seeking foreign assistance to rescue its loss-making national carrier, a minister said Thursday, after the government announced the airline was unable to pay back nearly \$1 billion in debt.

The country cannot afford to bear SriLankan Airlines' losses of 128 billion Sri Lankan rupees (\$872 million) on top of its massive debt, International Trade Minister Sujewa Senasinghe told reporters in Colombo.

The airline owes at least \$933 million but the government last week said the true figure could be much higher.

"We want to restructure SriLankan (Airlines) with either direct foreign capital or through a management agreement with a foreign airline," Senasinghe said.

He added that he hopes the process will be completed within "two to three months".

Official sources said Colombo was in talks with a Middle Eastern carrier to form an agreement that would see the airline hand over control of its management to a foreign carrier.

A previous management deal with Emirates was ended in 2008 by the former

Sri Lankan government following a personal disagreement between the flag carrier and then-president Mahinda Rajapakse.

The airline had refused to bump fare-paying business-class passengers to economy class and give their seats to members of Rajapakse's family, who were returning from London.

An angry Rajapakse removed the Emirates-appointed CEO of SriLankan Airlines from his post and replaced him with his brother-in-law.

The beleaguered national carrier has also drawn controversy in recent years after an independent investigator last year found evidence of serious corruption in a \$2.3 billion deal to buy Airbus aircraft during Rajapakse's presidency.

Rajapakse's brother-in-law, Nishantha Wickramasinghe, is under investigation for bribery and corruption dating back to when he was the chairman of the national carrier.

A mounting debt crisis of its own has forced the Sri Lankan government to request a bailout for the country from the International Monetary Fund. Media reports have placed the requested bailout amount at \$1.5 billion.

# Eurozone inflation inches up

AFP, Brussels

Eurozone consumer prices continued to fall in March at only a slightly slower pace than in February, data showed Thursday, despite the European Central Bank boosting its already massive stimulus programme to beat deflation.

Economists fear falling prices because if consumers delay purchases to buy cheaper at a later date, it undercuts demand, then investment and jobs in a vicious circle.

The Eurostat statistics agency said the inflation rate in March was a negative 0.1 percent, compared with minus 0.2 percent in February while in January, prices rose 0.3 percent. Falling energy prices again were the major factor, down 8.7 percent in March after a fall of 8.1 percent in February.

Earlier this month, the ECB added to its already unprecedented stimulus programme by slashing record-low interest rates and promising to pump even more money into the banking system in an effort to get the banks to lend freely again. Analysts had expected inflation to come in at a negative 0.1 percent but were still disappointed at the "very weak" outcome in March.

Jonathan Loynes at Capital Economics said the "figures confirm that price pressures in the single currency union remain very weak." Loynes said country data suggested that traditional price increases before the Easter holidays "could be reversed in April."

"Looking ahead, eurozone inflation is likely to remain close to zero in the next few months before edging higher in the second half of the year as negative energy effects finally fade," he said in a note.

"But it looks set to remain well below the ECB's target of close to 2.0 percent, maintaining pressure on the central bank for yet more policy support."



Rabiul Haque, senior vice president of the Real Estate and Housing Association of Bangladesh; Liakat Ali Bhuiyan, first vice president; and Md Wahiduzzaman, second vice president, greet Md Shahid Ulla Khandaker, secretary of the housing and public works ministry, during a meeting in the capital.

# Spain overshoots public deficit target again

AFP, Madrid

Spain overshoot its public deficit target again in 2015, the budget ministry said Thursday, piling pressure on the next Spanish government to impose unpopular cost-cutting measures.

The deficit fell to 5.2 percent in 2015 from 5.8 percent in the previous year, Budget Minister Cristobal Montoro said, marking the eighth consecutive year Spain has overshoot its fiscal target.

"It is therefore a new reduction of Spain's public deficit, but it is insufficient," he told a news conference.

Spain's conservative government predicted last year ahead of a December 20 general election that it would reduce its deficit to 4.2 percent in 2015 and then to 2.8 percent in 2016 -- just below a European Union limit of 3.0 percent.

But economists and Brussels were doubtful the targets could be met.

"Spain has never carried out such an effort at budget consolidation," economist Jesus Castillo of French investment bank Natixis told AFP.

European Union finance commissioner Pierre Moscovici, who had warned the forecasts were "a bit optimistic," said Thursday that the data "confirm the Commission's concerns about Spain's budget trajectory".

The Commission will make a full assess-

ment of Spain's budgetary situation in May, he added.

Spain has been without a proper government since the election, which produced a hung parliament divided among four main parties, none of them with enough seats to govern alone.

Acting Prime Minister Mariano Rajoy lacks the power to push through fresh budget measures.

If no power-sharing agreement is found by May 2, fresh election will be held in June.

No matter what government eventually emerges, it will face difficult choices. A drastic reduction in spending "is not desirable because there is a dynamic economic recovery but it remains fragile," said Castillo.

Spain's economy grew by 3.2 percent in 2015, one of the fastest rates in Europe, but growth is expected to slow to around 2.8 percent this year due to a worsening global outlook. "This could lead to a recession," Francisco de la Torre, a lawmaker with centre-right party Ciudadanos and the former head of Spain's tax inspectors body, told AFP.

"It is time for Spain to get a new government and plan," he added.

Montoro blamed the fiscal slippage on extraordinary measures like the need to fund an expensive new treatment for hepatitis C, a yawning social security deficit and overspending by regional governments.



ASM Mohiuddin Monem, deputy managing director of Abdul Monem Ltd, receives the President's Award for Industrial Development from President Abdul Hamid, second from left, at Osmani Memorial Auditorium in Dhaka on Wednesday. Amir Hossain Amu, extreme left, industries minister, was also present.

SERVICE ENGINE

# McDonald's to add 1,500 outlets in China, Hong Kong, SKorea

AFP, New York

McDonald's said Thursday it plans to open more than 1,500 restaurants in China, Hong Kong and South Korea over the next five years and wants partners in the Asia expansion.

The US fast-food giant has more than 2,800 restaurants in the three markets, most of which are company-owned. Worldwide, more than 80 percent are owned and operated by independent local people, and the company's long-term goal is to be 95 percent franchised.

"Asia represents a significant area of opportunity for McDonald's to blend our global quality standards with local insights and expertise from partners who share our vision and values," said Steve Easterbrook, McDonald's president and chief executive, in a statement.

Easterbrook, who has been leading a turnaround at the company since taking the helm a year ago, said the outreach for partners would help accelerate growth and scale faster across diverse markets "placing us closer to our customers and the communities we serve."

China, Hong Kong and South Korea are part of McDonald's "high-growth markets" segment, which includes countries having relatively higher restaurant expansion and franchising potential.

McDonald's recently announced it was seeking strategic partners in Taiwan and Japan as it seeks to reduce the number of restaurants that it owns and operates.

Shares in Dow member McDonald's edged up 0.1 percent to \$125.96 in early trade.

# Gold may drop below \$1,200 an ounce in coming months

REUTERS, London

Gold prices are likely to slip below \$1,200 an ounce in the months to come, GFMS analysts at Thomson Reuters said in a report on Thursday, with U.S. interest rates expected to rise and physical demand remaining soft.

The metal has rallied more than 16 percent this year, reaching a 13-month high of \$1,282.51 an ounce this month, but may struggle to maintain those gains, the report said.

"Following three consecutive years of annual price declines, gold has recorded a blistering start to 2016," GFMS said in its Gold Survey 2015. "Such an impressive performance has been largely attributed to a reduction in risk appetite among investors and fresh interest in safe haven assets."

# Wheat brings no cheers to farmers

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The retail price of wheat flour (unpacked) was Tk 25-Tk 30 per kilogram yesterday, down 11 percent from Tk 30-Tk 32 on the same day a year ago, according to the Trading Corporation of Bangladesh.

"On the one hand, imports are on the rise, while on the other, the government is yet to start buying domestically grown wheat," said Sarker.

These two factors mainly hurt small farmers as they cannot hold their produce for long; they have to sell off their produce to meet various necessities.

He said the government should act fast to give price support directly to farmers, as the delayed purchase will only allow traders to pocket gains.

Last year, the Directorate General of Food bought more than two lakh tonnes of locally produced wheat at Tk 28 per kilo-

gram against the production cost of Tk 26 each kilogram, said officials.

This year, it plans to buy about two lakh tonnes of the grain, said its Director (Procurement) Ilahi Dad Khan.

However, the amount of purchase and the procurement price are yet to be finalised, he said, adding that the decision would be taken at a meeting of the food planning monitoring committee, which is expected to take place in the coming week.

Khan expects that his office will be able to start purchasing locally produced wheat from the middle of this month.

The Department of Agricultural Extension targeted to ensure production of 14 lakh tonnes of wheat in fiscal 2015-16, but the total yield may be lower than the target for crop damage, said a senior official of the DAE.

# Regulator allows three closed-end ICB funds to become open-end

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Among the major sectors, food and allied rose 1.92 percent in market capitalisation, followed by non-banking financial institutions that went up 1.84 percent, fuel and power 1.25 percent, engineering 1.03 percent and textiles 0.98 percent.

Conversely, telecom and cement declined 1.32 percent and 1.14 percent respectively in market capitalisation.

LankaBangla Finance was the day's best performer with 9.84 percent gains, while

Samata Leather Complex was the worst loser, shedding 7.22 percent.

Chittagong stocks also rose yesterday with the bourse's benchmark index, CSCX, increasing 30 points, or 0.36 percent, to finish the day at 8,140.85 points.

Gainers beat losers as 115 advanced and 84 declined, while 36 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded 1.02 crore shares and mutual fund units worth Tk 35.17 crore in turnover.

# Bangladeshi expats to come under SIM re-registration

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"We have offices in more than 8,000 remote places in the country. The operators can use these spaces, if they want, for their convenience," she said, adding that it will be easier if all the operators place the biometric devices in one place in those areas.

After the April 30 deadline, the government will block the unregistered SIMs for some hours to notify the customers and after that, they will permanently be disconnected.

"The main purpose of the process is to heighten security of people. I request all mobile phone users to come and re-register their SIMs." The mobile operators said they will roll out big campaigns within a day or two to make the biometric re-registration process a success.

Meanwhile, some 80.41 re-registration applications failed until March 20 as the fingerprints did not match with the ones provided on the national ID cards. The telecom division has now requested a fresh programme to update the fingerprints on the national database.

Tarana said the election commission's 170 local offices will arrange the programme shortly.

# Petrobangla, US firm sign deal to build LNG terminal

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Excelsite Energy will realise \$159,000 per day as rent of the floating terminal and \$45,000 per day as operational charge, according to Md Quamruzzaman, a director of Petrobangla. As a result, the price of each thousand cubic feet of natural gas from imported LNG would be at least \$3.2.

Tawfiq-e-Elahi Chowdhury, energy adviser to the prime minister, said the overall cost for handling and re-gasification of the imported LNG would be \$0.59 for each thousand cubic feet of gas.

Of the total cost, Excelsite Energy will realise \$0.49 and other service charges including, tugboat charge, fuel costs and port fees would cost another \$0.10, he said.

The adviser also said two land-based LNG projects are underway to increase gas supply by 1,000 million cubic feet per day. Nazimuddin Chowdhury, secretary of the energy division, and Istiaque Ahmad, chairman of Petrobangla, also spoke.

# Pahela Baishakh to boost sales for e-commerce firms

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Their member entrepreneurs will offer discounts on their products ahead of the celebrations, Ahmed said. The e-CAB also observes April 7 as the e-commerce day in the country.

State Minister for ICT Zunaid Ahmed Palak will join the programmes to be organised on the campus of United International University on the occasion.

Now e-commerce sales in Bangladesh stand at about Tk 400 crore a year, according to LightCastle Partners, a research centre that works on digital services.

More than 1,000 e-commerce firms are operating in Bangladesh, in addition to many other platforms that mainly run their business via Facebook, according to data from e-CAB. The government is taking steps to formulate separate policies to help the e-commerce sector flourish and strengthen control over fraudulence.



Mokbulla Huda Chowdhury, sales director of Singer Bangladesh, and MHM Fairuz, marketing director, hand over tickets for a three-day trip to Barcelona to watch FC Barcelona's match, at the company's head office on Tuesday to Moran Chandra Dey and Sabita Rani Dey, who bought Beko refrigerator from Comilla Singer Mega shop. Beko is the global co-sponsor FC Barcelona, and Singer is the exclusive distributor of Beko in Bangladesh.



Obaidul Quader, road transport and bridges minister, visits the pavilion of Uttara Motors at Dhaka Motor Show.