



Irshad Zaker, executive director of Maxus, and Ingmar Wang, director for device business at Huawei Technologies (Bangladesh), sign an agreement at a programme. Maxus will now handle the media investment operations of Huawei Technologies (Bangladesh).

Duterte wants to open Philippines to foreign investors: aide

AFP, Davao, Philippines

Philippine president-elect Rodrigo Duterte wants to change the constitution to lift restrictive foreign investment laws as part of his plan to boost the economy, a senior aide said Thursday.

He also plans to spend more to address crumbling infrastructure and make it easier to do business overall, Carlos Dominguez, widely tipped to win a cabinet post, told reporters.

"We will ensure the attractiveness of the Philippines to foreign direct investment by addressing the restrictive economic provisions of the constitution," he added.

Broad goals of Duterte's economic strategy was unveiled three days after the long-time mayor of the southern city of Davao won a landslide presidential election victory. He is due to be sworn into office on June 30.

Despite strong economic growth during President Benigno Aquino's

six-year term, one of Asia's worst rich-poor divides did not improve and one in four Filipinos still live on \$1.30 a day or even less.

Critics say part of the problem was inadequate investment and job creation, partly due to foreign investment restrictions in the Philippine constitution.

Foreign entities cannot own more than 40 percent equity in certain businesses, including those requiring franchises granted by parliament, such as aviation and telecommunications.

Some economic sectors are outrightly off limits to foreign investment, including most retail activities, broadcasting, domestic shipping and pharmaceuticals. Foreigners also may not own land though they can enter into long-term leases.

Dominguez said the proposed changes would be done by a constitutional convention to be called by Duterte. However he gave no timetable nor provide specifics.

Dominguez, a wealthy business-

man based in Davao, said infrastructure spending would rise to 5.0 percent of total economic output, compared with a 2.3 percent average in the past 30 years.

The pledge would address monstrous traffic jams, crumbling rail systems and poor telephone and Internet services that, along with his headline anti-crime position, drove the Duterte election campaign.

Global credit rating outfit Standard and Poor's warned last month that poor infrastructure could cloud the Philippines' efforts to raise to \$3,000 the average annual income for every Filipino next year.

Dominguez also said Duterte would make doing business in the country a simpler proposition like in Davao, where licenses "are given in the shortest possible time".

He said the government will also revise the income tax rate to bring relief to employees earning half a million pesos (about \$10,700) a year or less.

Skeletons in the closet: India bad loans getting messier

REUTERS, Mumbai

India's bad-loans problem looks much worse than lenders have been willing to acknowledge, heaping pressure on banks' profits and further tightening the screws on distressed debt that could be bigger than New Zealand's \$170 billion economy.

The magnitude of the debt-mess was laid bare late last month when two of India's largest private sector lenders provided unprecedented guidance on non-performing loans, underscoring repeated warnings by Reserve Bank of India's governor Raghuram Rajan on the need to clean up banks' balance sheets.

The dangers are clear cut. Increasing provisions to cover rising bad loans are likely to hurt banks' profits and curb credit growth, stoking a vicious circle of lower economic growth triggering more defaults and choking off business investment and production.

Indeed, banks' loan growth at 10.7 percent in the last fiscal year ended March 31, was the slowest in nearly two decades, partly on lower lending to debt-heavy sectors such as iron and steel that account for the lion's share of bad debt.

Profits at most lenders have also taken a hit in the past six months as they set aside a higher sum to cover for defaults after a clean-up exercise ordered by the RBI.

"The banks need to keep provision covers high," said Abhishek Bhattacharya, a director at Fitch's Indian affiliate, India Ratings and Research. "That all points to the fact that the earnings should continue to be under pressure."

Bhattacharya estimates about 13 trillion rupees (\$195 billion), or a fifth, of bank loans are already stressed - bigger than the size of New Zealand's economy.

That compares with 8.06 trillion rupees of distressed loans reported as of December or 11.5 percent of India's entire bank debt, meaning more pressure on profits.

RBI's Rajan, who wants banks to fully disclose and provide for bad debt by March 2017, is calling for "deep surgery" to clean up the balance sheets.

Investors and analysts have long suspected that Indian lenders, especially the dominant state-run banks, are not



An employee carries bundles of Indian currency notes inside a bank in Agartala, India.

disclosing the true extent of their troubled loans to avoid having to raise provisions.

But granular details released for the first time last month by ICICI Bank and Axis Bank - India's no. 1 and no. 3 private sector lenders respectively - highlighted the depth of the problem.

Axis Bank disclosed it had put 226 billion Indian rupees of its loans on a 'watch list', and was expecting 60 percent of those to default within two years. That would mean its bad debt could triple from the 60.88 billion rupees reported at end-March.

ICICI said some 525 billion rupees of loans to struggling sectors including steel and power had been put on watch.

Moody's estimates bad loans at the 11 state-run banks it rates to be between 10.5 and 12 percent, compared with the 7.2 percent reported as of end-December.

"The ability of (state) banks to support economic growth or to provide loans will ultimately depend on how the government will support them in terms of capital," said Alka Anbarasu, a Singapore-based vice president at Moody's.

These state-owned banks account for more than two-thirds of the sector's assets and about 85 percent of bad debts - a major headache for policymakers keen to support a slowing economy.

"It could get worse before it gets better in the sense we have," India Ratings' Bhattacharya said.

Economic unrest fuels gold demand: industry body

AFP, London

Global gold demand surged in the first quarter as investors seeking refuge from financial unrest swooped on the commodity seen as a safe haven investment, the World Gold Council said Thursday.

Total gold demand stood at 1,290 tonnes in the January-March period, an increase of 21 percent compared with the first quarter of 2015. The first quarter of 2016 was the second-largest ever in terms of the recorded volume of gold, the London-based group said.

According to the WGC, the largest quarter was in the final three months of 2012, when demand stood at 1,290.6 tonnes.

The latest increase meanwhile "was... fuelled by investor concerns regarding economic fragility and an uncertain financial landscape," the WGC noted.

"Concurrently, global demand for jewellery was down 19 percent, as higher prices and industrial action in India and a softening of the economy in China meant many consumers delayed making purchases."

Investment demand stood at 618 tonnes in the first quarter, more than double the 278 tonnes seen during the equivalent period one year earlier. The period saw "huge inflows" into so-called exchange traded funds (ETFs), it added. In turn, gold rallied 17 percent in dollar terms during the reported period. The precious metal has continued to win support during the second quarter, reaching a 15-month high of \$1,303.82 an ounce at the start of May.

On Wednesday, gold traded at \$1,276.85 an ounce. "Gold found favour as a risk diversifier due to the negative interest rate environment in Europe and Japan, combined with uncertainty over the Chinese economy, anticipation of slower interest rate rises in the US and global stock market turmoil," said the WGC.

Oil prices subdued in Asia after touching 2016 highs

AFP, Singapore

Oil prices dipped in Asia on Thursday as investors locked in profits after the previous day's surge to six-month highs that was fuelled by a surprise decline in US stockpiles.

The Department of Energy said Wednesday that inventories slid 3.4 million barrels last week, confounding analysts' expectations for a rise and signalling strong demand in the world's top oil-consuming nation.

The report also said US oil production fell, providing hope to a market burdened by a stubborn global supply glut. At around 0620 GMT, US benchmark West Texas Intermediate for delivery in June was down five cents, or 0.11 percent, at \$46.18 and Brent crude fell eight cents, or 0.17 percent, at \$47.52 a barrel.

WTI jumped 3.5 percent Wednesday while Brent climbed 4.6 percent, putting both contracts around levels not seen since November.

Wal-Mart sues Visa over chip cards in US

AFP, New York

US retail giant Wal-Mart is suing Visa to give customers using chip-enabled debit cards in its US stores the right to punch in a PIN code.

Wal-Mart Stores said Visa's opposition to allowing PIN use in the chip cards, which immediately debit the amount from the linked bank account, creates an unacceptable risk to customers' bank accounts.

Currently, customers sign a receipt for their debit-card transaction, as they do with magnetic-stripe cards that are swiped.

Wal-Mart filed its complaint against Visa in a New York state court Tuesday, according to court documents reviewed by AFP.

In its complaint, Wal-Mart said Visa refuses to allow the use of PIN codes and imposes a signature as verification on debit as well as credit cards, which involve a delayed transaction.

"We believe Visa's position creates unacceptable risk to customers and its actions and rules are inconsistent with federal law," the company said in an emailed statement Wednesday to AFP.

It noted that debit cards are the most-used form of payment in its thousands of stores.

"PIN is the only truly secure form of cardholder verification in the marketplace today, and it offers superior security to our customers," said the company, which has sought PIN use from Visa for several months.

"This suit is about protecting our customers' bank accounts when they use their debit cards,"



The Walmart sign is seen in Chicago, Illinois.

the Bentonville, Arkansas-based retailer said.

In the United States, card-transaction terminals recently have begun to accept pin-and-chip cards, which have been used for years in Europe and elsewhere. The switch to the chip-enabled cards was accelerated by massive data thefts from the bank accounts of millions of customers in retailers, such as Target.

"Visa has acknowledged in many other countries that chip and PIN offer greater security," Wal-Mart said.

"Visa nevertheless has demanded that we allow fraud-prone signature verification for debit transactions in our US stores because Visa stands to make more money processing those transactions."



Anjan Chowdhury, managing director of Square Toiletries, and Jalal Ahmed, managing director of JA Architects, pose at a deal signing ceremony. JA Architects will work as consultant on the expansion and establishment work of Square's factories.

Md Rezaul Haque, chairman of Social Islami Bank, opens the bank's 115th branch at Jamidarhat in Begumganj, Noakhali. Md Abul Bashar Bhuiyan, a director, was also present.

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