

Warren Buffett, Quicken Loans founder in Yahoo bid

REUTERS
Berkshire Hathaway Inc Chairman Warren Buffett is backing a consortium vying for Yahoo Inc's internet assets that includes Quicken Loans Inc founder Dan Gilbert, people familiar with the matter said on Friday.

While there is no certainty that the consortium will prevail in the auction, the interest of Buffett and Gilbert is a boost for the Sunnyvale, California-based company, which has been surpassed in recent years by rivals such as Alphabet Inc in the race for internet users and advertising dollars.

The consortium's participation in the sale process also represents a challenge to U.S. telecommunications carrier Verizon Communications Inc, whose deal to acquire AOL last year for \$4.4 billion has made it a favorite to prevail in its bid for Yahoo's assets among industry analysts.

The consortium is in the second round of bidding in the auction for Yahoo's assets, the people said. Buffett is helping finance the offer, one of the people added.

It is not clear whether Gilbert, a billionaire who also owns the U.S. basketball team Cleveland Cavaliers, is using Quicken Loans



Warren Buffett

in any way as part of the consortium's bid.

The sources asked not to be identified because the details of the sale process are confidential.

Buffett offered no immediate comment when reached by telephone. Quicken Loans declined to comment on behalf of Gilbert,

while Yahoo declined to comment.

Reuters reported last month that Yahoo had shortlisted close to 10 bidders in the auction for its assets, with most offers coming from private equity firms.

At Berkshire Hathaway's annual meeting last month, Buffett admit-

ted that Berkshire had been slow to adapt to new technology as far as its investments were concerned.

Buffett, whose Berkshire is an IBM Corp shareholder, said in a CNBC interview on May 2 that Yahoo's business had deteriorated significantly and that "something has to change there." He did not mention any potential bid on his part.

Susan Decker, who worked at Yahoo in several senior roles between 2000 and 2009, including president and chief financial officer, is now a director on Berkshire's board.

"I hope the next owner can do something to revitalize the spirit of the core things that made Yahoo very, very unique and create a distinction in consumers' minds about why they love Yahoo still. It will be helpful if it is private or part of a much larger corporation to achieve that," she said on CNBC in an interview on April 29.

Last month, Yahoo said that activist hedge fund Starboard Value LP Chief Executive Jeffrey Smith and three independent directors associated with him would join its board immediately.

Yahoo's four new directors were on a slate that Starboard had proposed to oust Yahoo's entire board.

Japan PM to delay tax hike over economy fears

AFP, Tokyo

Japanese Prime Minister Shinzo Abe plans to postpone a sales tax hike a second time, judging that boosting the tariff could hurt the world's third-largest economy, a newspaper said Saturday.

Abe has already informed senior government officials he plans delay the consumption tax hike, scheduled for next April, that would raise levy from eight to 10 percent, the Nikkei business daily said.

The last such rise, in April 2014 -- the nation's first in 17 years -- was blamed for pushing Japan into recession.

Deadly earthquakes that hit southwestern Japan last month have already put the brakes on the economy, while a rise in the yen has

threatened to squeeze exporters' profits.

It is still unclear how long Abe, who first postponed the tax increase in November 2014, wants to put off the hike this time.

The premier may announce the delay on June 1, when he holds a news conference to mark the close of the current parliament session, and after he hosts a Group of Seven summit in Japan this month, the Nikkei said.

Postponing the hike would require legislation to be passed.

Critics say Japan must increase tax revenues in the face of soaring debts and to pay for the ballooning cost of welfare as the population ages. Government coffers are deep in the red, with public debt standing at twice the size of the economy -- the worst among industrialised economies.



Shinzo Abe

Economists suggest privatising state banks

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Quoting studies of US-based Boston Consulting Group, Farashuddin said 12.5 million people have annual incomes of \$5,000. However, only 12 lakh people are paying taxes.

"The tax rate is going up for taxpayers, but the tax net is not being widened. Is it because of the failure of bureaucracy? Or is there any lack of political will? There is no alternative to widening the tax net."

At 10-11 percent, the tax to gross domestic product ratio in Bangladesh is the lowest in Asia.

"It is 17 percent in Nepal. We have to get rid of this shame. If we can't realise tax how will we invest?" the former central bank governor added.

Ahmed said the planned VAT law should be simplified, uniform and not be a tool for harassment. He however said there is no scope for debating the VAT rate.

Income taxation, which is related to income inequality, must be addressed with a lot of priority, he said. "I don't know why the government is not putting priority on that."

Personal income tax is just 1 percent of GDP even though the Household Income and Expenditure Survey of the Bangladesh Bureau of Statistics says 35 percent of the income is with the 10 percent of the population.

"If this 10 percent pays the effective tax rate then personal income should be 3.5 percent of GDP. But we are not getting that. It means there are lots of loopholes and exemptions," he added.

Wahiduddin Mahmud, a leading economist and former caretaker government adviser, said the drastic fall in prices of imported commodities and items has brought in huge scope for the country to mobilise funds for budget implementation.

Subsequently, he called for bigger budgetary allocations for the health and education sectors, as they have remained low over the years.

Anis A Khan, chairman of the Association of Bankers Bangladesh, said there should be a merger law for all banks.

If the number of private banks can be brought down the capacity of banks will expand, he said.

"We need capital as the country is growing. Banks will have to lend large loans to industries. We need more capital to build the capacity."

Besides, the corporate taxes on banks should be cut to some extent, said Khan, also the managing director of Mutual Trust Bank.

Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association, called for duty and

VAT-free imports of fire safety equipment for all sectors as Bangladesh is prone to earthquakes.

Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said the country would have to go for diversification of export products as well markets.

There is an opportunity for Bangladesh to diversify products within the garment sector. "We have to give attention to it as we have already proved our comparative advantage in this area."

Rahman said incentives for both backward and forward linkage industries have to be increased so that retention of value addition is higher for the domestic sectors.

He said the government is taking advance income tax on garment exports but is not carrying out the final settlement. "I think as a result, a huge amount of money is going out of the country through trade mispricing," he added.

Dowla also touched upon the issue of gas supply; the government has said the industries would get adequate gas supply after two years.

"But what will we do in these two years as demand is increasing. What will happen to our investment? I think it is possible for the government to increase the supply before that by importing LNG," he added.

In response, Muhith said it would not be possible to import gas within two years, as readying the port for liquefied natural gas and signing agreements, among other tasks, will take as much time.

"I don't see any way of helping you in this area, honestly."

The finance minister also said the government has not progressed much in decentralisation.

"We have not been able to do it. This issue is important to me. This time I will make efforts to give decentralisation some visibility."

On the VAT law, the minister said if businesses keep accounting of how much value they are adding at each stage of the production the VAT will be a very small amount.

For example, if a production has five stages none will probably pay VAT more than 5 percent.

He admitted that the introduction of the new VAT act poses a major challenge for him.

"I don't think I will put forward a resolution that all of you will like. But I will have to find some solutions."

Mirza Azizul Islam, a former finance adviser, and Syed Nasim Manzur, president of the MCCI, also spoke. Nihad Kabir, a member of the MCCI's committee of office bearers, moderated the programme.

Blockchain teamwork could help banks fight hackers

SARAH HURST and DOMINIC ELLIOTT

Banks that have been pooling resources on blockchain technology should apply their camaraderie in a different field: cyber security. The hacking of an unnamed commercial lender, revealed by financial messaging system SWIFT on May 12, followed an \$81 million cyber heist from Bangladesh's central bank in February. An industry utility -- or at least better coordinated defences -- is needed.

Increased regulatory requirements and rock bottom interest rates, both a legacy of last decade's financial crisis, have made it hard for banks to make an economic return. Distributed ledger technology that underpins bitcoin may help cut sector costs. That's why over 40 banks have joined blockchain development group R3.

Cyber security should be next on the list. It's likely to be banks' biggest cost in terms of financial crime prevention this year and next, according to LexisNexis Risk Solutions. Weak cyber defences might prompt a credit rating downgrade, says Standard & Poor's.

Lenders may feel worried about sharing sensitive data with rivals. But the aviation industry, long teetering on the edge of profitability, improved efficiency by sharing accident information via black box technology. And greater teamwork would help keep tabs on would-be criminals. Companies' own employees represent a huge threat: business investigations firm Kroll said in its latest annual global fraud report that insiders accounted for 81 percent of perpetrators. A shared database of suspects might be a safeguard.

Regulators and governments could play a bigger role, too. The European Central Bank's plan for a database of serious incidents, as reported by the Financial Times on May 12, looks no more than a first step. The U.S. Financial Services Information Sharing and Analysis Center has had limited success -- only 5 percent of the cyber threats American Express finds are the subject of warnings from other institutions, the company's Chief Executive Kenneth Chenault said last year.

But lenders right now seem to be doing too little. Europe's private sector-led Cyber Defence Alliance consists of just four banks. Financial institutions have demonstrated an unusual level of esprit de corps when it comes to new technology. Given cyber security could hit their finances more painfully, cooperation makes even more sense.

The authors are Reuters Breakingviews columnists. The opinions expressed are their own.

124 garment factories hit by gas shortage

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Every exporter will contribute to this fund at 0.03 percent of his/her total volume of export earnings in a year to the workers' welfare fund. The government is expecting Tk 80 crore in the first year.

This money would be used for stipend for workers' children, treatment for workers and for insurance purpose.

Rahman went on to demand continuation of the 10 percent corporate tax rate for the garment sector for another five years from the upcoming fiscal year.

"We need the government's policy support for continuation of the export growth of the sector and for creating of more jobs. The garment sector can hardly sustain if the corporate tax is fixed at 35 percent."

Rahman cited the case of Vietnam, Bangladesh's main competitor in global apparel trade, whose exports are fast rising

thanks in part to government support.

Vietnam's garment exports receipts, which stood at \$10.83 billion in 2010, hit \$23 billion in 2015.

The BGMEA chief also said the apparel prices have slumped 40 percent over the last 15 years, a development that has hit the country's garment sector as well.

Moreover, the sector has been facing challenges due to appreciation of the local currency against major currencies like the US dollar and Euro.

Over the last four years, the taka appreciated 7.66 percent against the dollar. As a result, the exporters are receiving less.

Four years ago, a US dollar was exchanged at Tk 84; now, it is going at Tk 78, Rahman said.

On the other hand, the currencies of Bangladesh's competitors in global apparel trade depreciated against the dollar.

Envoy confident entire BB fund will be retrieved

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Even the media in the Philippines are playing a proactive role to help Bangladesh get back the money, he said.

However, the envoy said some newspapers are publishing reports in Bangladesh misquoting some dignitaries.

"They have earlier misquoted a minister as saying that the officials of Bangladesh Bank are involved in the scam," the letter said.

"While we are doing our best to recover the money, such negative reports and comments made on the basis of mere assumptions and emotions are seriously weakening Bangladesh's position and claim over the money in the Philippines," the letter said.

A foreign ministry official said the Philippines' authorities want to settle the issue of cyber heist as soon as possible.

The powerful Blue Ribbon Committee of the Philippines senate is holding a series of

hearings on the issue. By June it will hold three more hearings and then announce a verdict in this regard.

The AMLC has already filed criminal cases against the suspects. They are also taking necessary steps to return to Bangladesh the money that has already been recovered from the suspects and kept in the Philippines central bank for safekeeping; the same will also apply to the amounts that will be recovered in future.

A finance ministry official said they are going to send a mutual legal assistance letter through the office of the attorney general to bring back the recoverable money.

Bangladesh Bank governor on May 10 held a meeting with the top executives of the New York Fed and SWIFT so that they also cooperate in recovering the money.

In the next one week, the NY Fed will take necessary steps to recover the money, the official said.

IMF weighs new loan for struggling Afghan economy

AFP, Washington

The International Monetary Fund said Friday that it is considering new financial support for the Afghanistan government as the country's economy continues to stumble. The IMF lauded the country's gains under a just-concluded IMF-monitored program to close vulnerabilities with reforms in the government budget process and in the financial sector.

"Despite difficult circumstances, the authorities implemented the program successfully," the IMF said in a statement.

But given the country's ongoing domestic conflict and the drawdown of international military forces from the country, it said, "Afghanistan's economic situation remains very difficult."

The Washington-based global lender said that it expects the economy to grow only about two percent this year, barely faster than last year. And that pace is at risk to a further deterioration of security conditions and slowing donor aid.

On top of that, it added, the country's banking system needs more reform to eliminate vulnerabilities.



SM Ihsanul Karim, director of Bangladesh Industrial and Technical Assistance Centre (BITAC), and Ikbal Hossain Patwari, project director of Self-employment and Poverty Alleviation at BITAC, pose at an event to hand over certificates to trainees who completed vocational training at the organisation. RFL recruited 120 of the trainees.