

# Egypt eyes tough reforms in last-ditch bid to save economy

AFP, Cairo

Egypt hopes a \$12-billion financing deal with the IMF will usher in an economic turnaround but real progress hinges on a tough reform package avoided for decades to stave off unrest.

The financing over three years -- deemed an endorsement to attract more foreign aid -- would go together with a currency devaluation and streamlining of Egypt's bloated subsidy system.

But experts warn that the loan alone would serve as little more than an "aspirin" and a stopgap for a deep-rooted economic malaise.

In a country where many rely on state subsidised bread and imports for basic foodstuffs such as wheat, inflation has already risen at a time of low foreign currency reserves and a thriving black market exchange.

More than five years after its 2011 uprising -- partly fuelled by economic disparities -- that swept away veteran strongman Hosni Mubarak, the country is still reeling from the fallout.

The uprising unleashed years of tumult that culminated with the military overthrow of Islamist president Mohamed Morsi in 2013 and a jihadist insurgency that has driven

away tourists.

Since Morsi's overthrow, Arab states of the Gulf which opposed his Islamist movement have showered Egypt with over \$20 billion in aid and investments, but that has proved to be a short-acting salve.

The dire state of the economy, according to President Abdel Fattah al-Sisi, makes the long deferred economic reforms inevitable.

"All the hard decisions that many over the years were scared to take, I will not hesitate for a second to take them," he said in speech on Saturday, days after Egypt signed the preliminary deal with the IMF.

The government has proposed a reform package to narrow the budget deficit -- about 13 percent of GDP -- that includes cuts to power subsidies and a value added tax to raise revenue.

Subsidies account for 7.9 percent of total government expenditure, according to the finance ministry.

Reforms are also planned to adopt a "flexible policy" for the Egyptian pound.

With dwindling foreign reserves, the government has been propping up the currency at 8.88 pounds to the dollar, well below the black market price, while imposing capital controls.

Finance Minister Amr al-Garhy has said the country faces a funding gap of \$21 billion over the next three years, and the money would be raised from regional loans and international bonds.

Experts say the IMF loan is essential to bolster foreign currency reserves, which have dwindled to \$15.5 billion.

But this will not suffice on its own and may further aggravate the plight of the lower and middle classes.

The financing "is a short-term solution, but in the long term the economy is in bad shape and the deficit is dangerous", said Ahmed Kamaly, an economics professor at the American University of Cairo.

"The loan will be like an aspirin.

"There is no reform package in the real sense of the term, with specific goals... It's a raft of measures to stabilise the economy and exchange debts for other debts," he said.

The falling reserves prompted the government to hasten the IMF negotiations, and Egypt will owe \$4.4 billion in interest on foreign loans by July 2017, according to a study by the investment bank Prime Holding.

"We won't be able to pay the foreign loan interest if we don't get" the IMF loan, former finance minister Samir Rady said.



Meghna Bank Director Rehana Ashequr Rahman opens an ATM booth of the bank—Meghna Bank AnyTime—in Khulna. Chairman HN Ashequr Rahman and Managing Director Mohammed Nurul Amin were also present.

# China launches hack-proof communications satellite

REUTERS

China on Tuesday launched the world's first quantum satellite, which will help it establish "hack-proof" communications between space and the ground, state media said, the latest advance in an ambitious space programme.

The programme is a priority as President Xi Jinping has urged China to establish itself as a space power, and apart from its civilian ambitions, it has tested anti-satellite missiles.

The Quantum Experiments at Space Scale, or QUESS, satellite, was

launched from the Jiuquan Satellite Launch Centre in the remote north-western province of Gansu in the early hours of Tuesday, the official Xinhua news agency said.

"In its two-year mission, QUESS is designed to establish 'hack-proof' quantum communications by transmitting uncrackable keys from space to the ground," it said.

"Quantum communication boasts ultra-high security as a quantum photon can neither be separated nor duplicated," it added. "It is hence impossible to wiretap, intercept or crack the

information transmitted through it."

The satellite will enable secure communications between Beijing and Urumqi, Xinhua said, referring to the capital of China's violence-prone far western region of Xinjiang, where the government says it is battling an Islamist insurgency.

"The newly-launched satellite marks a transition in China's role - from a follower in classic information technology development to one of the leaders guiding future achievements," Pan Jianwei, the project's chief scientist, told the agency.



Seated second from left, Mashfee Binte Shams, ambassador of Bangladesh in Nepal, opens the second Safe Home Expo 2016 at Bhirkuti Mandap in Kathmandu, Nepal. The four-day fair—jointly organised by Uturn of Bangladesh, Savor International Ltd of Bangladesh and Synthesis of Nepal—ends tomorrow.

# Curtain to come down on Citycell by Aug 23

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Citycell did not pay the second and third instalments -- amounting to Tk 229 crore -- of its spectrum renewal fee. The renewal took place in 2012.

Besides, it owes annual spectrum fees totalling Tk 27.14 crore from 2013 through to 2016; revenue sharing proceeds of Tk 27.84 crore from 2014 to 2016; social obligatory fund contributions of Tk 8.92 crore from 2011 to 2016; value-added taxes of Tk 39.92 crore; and Tk 135 crore in penalty.

Earlier in April, BTRC filed a case against the operator under the Public Demand Recovery Act to realise the dues. If needed, the telecommunication watchdog will enter into other legal fights with the operator, Tarana said.

About the recovery of the dues, Chowdhury said they would move for legal action after the final decision of the government.

Citycell began its operations in 1993, though its licence was awarded in 1989.

Singapore's SingTel owns 44.54 percent shares in Citycell, Pacific Motors 37.95 percent and Far East Telecom 17.51 percent.

Shareholders have been trying to sell the company for the last few years, but they did not find any interested party.

About the possible impact on the sector of Citycell shuttering, Tarana said: "We want to set a precedent that no-one is above the law. Every operator has to run its business as per the law."

Tarana, however, was reluctant to make any comment about the fate of Citycell's employees, saying it was the operator's internal matter.

Telecom experts said the government is being very tough on Citycell for the unpaid dues, but it has not taken similar action against Teletalk or Bangladesh Telecommunications Company Ltd. Their combined dues go upwards of Tk 3,000 crore.

In response, Tarana said both Teletalk and BTCL are government-owned companies, so steps will be taken to legalise the dues in favour of the government.

"We can take Teletalk's dues as prepaid capital -- a proposal along this line is now under consideration of the government," she added.

BTCL's dues stand at Tk 1,645 crore and Teletalk's Tk 1,585 crore, according to BTRC.

# Govt approves rail link with northeast India

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The 1,650 kilometre distance between Agartala and Kolkata will be reduced to only 550 kilometres once the new rail track is linked through Bangladesh.

According to Tripura Transport Minister Manik Dey, the Agartala-Akhaura railway project will provide a major boost to development of the economy of the north-eastern region of India and eastern Bangladesh.

Ecnc yesterday approved six new projects involving Tk 1,095 crore. Of the cost, Bangladesh will provide Tk 674.71 crore, while Tk 420.76 will come as project finance.



Md Abdul Halim Chowdhury, managing director of Pubali Bank, and Mohammad Ali, deputy managing director, attend the second managers' conference of the bank's Sylhet east and west regions.

# Poultry industry moves to next step of development

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"We will soon open showrooms in various places of Dhaka and Chittagong as part of our plan." The showrooms will sell live chicken as well. There will be demand because many people are afraid of buying broiler chicken and eggs from the open market for safety concerns over the use of tannery waste in feed.

At present, it is not possible for a person to know from where the broilers were farmed and what type of feed they were given, Rahman added. Increased integration by large farms will hit small farmers, said MM Khan, secretary general of Bangladesh Poultry Industries Association (BPIA).

"It will be tough for small farms to survive as big farms will follow the scientific methods of farming to prevent mortality. They will also be able to make up losses in one stage of production by making profits in the other stage."

But this is good news for consumers -- they will get relatively healthy and quality chicken, as the brands will have to compete through quality, he added. Industry stakeholders, however, said the demand for packaged or frozen chicken still remains very low, owing to the consumers' preference for live birds, partly due to religious reasons.

However, they expect that the demand for frozen or ready broiler chicken will grow due to the consumers' increasing quest for safe and convenient food. "The prospect is very high at least for processed chicken. Youths with modern thinking and education will prefer ready broiler chicken to live chicken," said Tariquzzaman, director of strategic planning and marketing of Aftab Bahumukhi Farms Ltd, the pioneer in integration in Bangladesh.

In the past, the company slaughtered 5,000 birds a day. The number has now

risen to 7,000. The retail poultry market is likely to be reshaped in the years to come because of food safety reasons, he added.

The demand for dressed and ready-to-cook chicken will rise if the price gap between live and frozen chicken narrows, said Md Rafiqul Haque, former secretary of World's Poultry Science Association, Bangladesh. Live birds are slaughtered in an unhygienic manner in the wet market, and this is a major reason for diseases. "But integrated farming will ensure safe and hygienic production -- it's a good development."

He, however, echoed others in that would be tough for small farmers to sustain the competition. "The number of small farmers will decline," he said, citing that large investment has begun in layer farming to produce eggs.

To support small farmers, who account for a large portion now, BPIA Secretary General Khan urged the government to ensure low-cost finance and other incentive for them. Tariquzzaman of Aftab Bahumukhi Farms suggested formation of associations among farmers. "They will be able to play a role in the market by forming associations," he said.

Debnath recommended the government and the local government bodies should establish common slaughtering houses to ensure that customers get relatively safer chicken from the wet market.

Citing Southeast Asian countries, he said live birds are slaughtered in specific places.

A competition in quality assurance is needed and the building of common slaughtering houses will enable small traders to compete, said Debnath, while urging the government to implement the slaughter act to ensure food safety.

# British inflation climbs to 0.6pc after Brexit vote

AFP, London

Britain's annual inflation rate edged higher last month, official data showed Tuesday, and is set to climb further as a weak pound caused by the Brexit vote raises import prices.

The 12-month Consumer Price Index rose by 0.6 percent in July, the Office for National Statistics said in a statement.

CPI had risen by 0.5 percent in the year to June, the ONS added.

"Although the small increase in the rate between June 2016 and July 2016 takes it to the highest seen since November 2014, it is still relatively low in the historic context," the ONS said in a statement.

"The main contributors to the increase in the rate were rising prices for motor fuels, alcoholic beverages and accommodation services, and a smaller fall in food prices than a year ago," it added.

Analysts expect British inflation to rise further in the coming months as the pound battles weakness against the dollar and euro.

Sterling slumped to 31-year lows against the dollar after Britain voted on

June 23 to exit the European Union -- and has struggled to recover.

"One of the big questions facing policy-makers in the UK at the moment is how quickly, and by how much, the plunge in sterling following the referendum will raise inflation," ING bank economist James Smith said following Tuesday's data.

"For now at least, the effects are fairly minimal."

Scott Corfe, analyst at the Centre for Economics and Business Research predicted that "the sharp decline in the value of sterling since the Brexit referendum will translate into higher prices for imported goods over the coming months, pushing inflation to above 2.5 percent in the first half of 2017".

Despite the prospect of higher inflation, the Bank of England has slashed its key interest rate to a record-low 0.25 percent to combat the prospect of weaker growth caused by Britain's vote in favour of exiting the European Union.

Britain's departure from the EU could meanwhile be delayed until late 2019 as civil servants struggle with the task while French and German elections threaten to delay the start of exit negotiations, a report said Sunday.



Syed Waseque Md Ali, managing director of First Security Islami Bank, poses with the bank's probationary officers at the closing ceremony of a foundation training course at the bank's training institute on August 11.