

BTRC calls off auction for mobile number portability licence

Govt may use 'beauty contest' to award the licence

STAR BUSINESS REPORT

The telecom regulator has called off the much-awaited auction for mobile number portability licence.

The auction was earlier scheduled to be held on September 28 last year.

Bangladesh Telecommunication Regulatory Commission will now advise the government to use the beauty contest method to award the licence.

In a beauty contest, a committee typically sets a number of criteria, including technical offer and financial strengths. The candidates' offers are then evaluated by a jury who selects the plan that has the best

mix of those criteria.

The commission has also decided to return the earnest money of Tk 10 lakh to each of the five bidders, said Md Sarwar Alam, spokesperson of BTRC.

In September last year, the BTRC suspended the auction just a week before the scheduled time on security grounds, fearing misuse of the users' information under the portability service.

The mobile number portability service allows mobile subscribers to switch from one operator to another without changing their existing numbers.

The service is available in India, Pakistan and in many Western countries.

Brazil's busiest week for IPOs in years marked by mixed fortunes

REUTERS, Sao Paulo

Brazil's busiest week for initial public offerings in nearly four years ended on Friday with mixed results for issuers, faced with wariness among foreign investors toward Latin America's largest equity market amid fallout from political turmoil.

Rent-a-car company Movida Participações SA and medical laboratory Instituto Hermes Pardini SA launched their IPOs despite pressure for lower prices. But tough market conditions led Movida's rival Unidas SA to scrap its own listing on Friday.

Aside from overlapping IPOs between the rental car rivals, the pricing of a large 4.1 billion real (\$1.32 billion) follow-on offering by CCR SA, Brazil's No. 1 toll road operator, might have hampered demand for the IPOs, four people familiar with the deals said.

Investors stung by a string of deals in recent years that failed to deliver promised returns are wary of IPOs in Brazil. Just over a third of the 138 IPOs priced in the past decade yielded returns above Brazil's interbank lending rate, Thomson Reuters data showed, with the remainder losing part or all of the amount initially invested.

This week was the busiest for local equity offerings since April 2013. Movida's shares, which plunged on Wednesday - their first day of

trading - have since recovered and booked a 2.7 percent gain on the week.

Extending the current wave of offerings hinges on President Michel Temer's ability to push ahead with ambitious reforms to lower the country's risk perception, bankers said.

"This week showed we are still in a buyers' market and investors still feel more comfortable taking existing risk than new one," said one of the people, who asked for anonymity to speak about the transactions.

Stronger equity markets and companies' need to fund growth or reduce debt are the "fundamental catalysts in place" sustaining IPO activity in Brazil and Latin America this year, according to Pedro Martins, chief Latin America equity strategist for JPMorgan Securities.

However, companies seeking to tap the local equity markets face a balancing act: how to offer acceptable risk and return as Brazil enters a third straight year of economic recession and global market turmoil escalates under U.S. President Donald Trump's trade protectionist stance, bankers said.

Such uncertainty is keeping foreign investors - traditionally the main buyers of Brazilian IPOs - on the sidelines. Foreigners snapped up only 15 percent of the Pardini deal, a fraction of the 67

percent participation ratio they had about a decade ago, the people said.

The mixed results of this week's IPOs may shed light on how a list of long-awaited listings should come to market. Those companies include airline Azul Linhas Aéreas Brasileiras SA, securities firm XP Investimentos SA and the Brazilian unit of France's Carrefour SA.

The companies declined to comment.

A new wave of IPO requests should resume in late March or early April and stretch for longer should market conditions prove favorable, bankers at Itaú BBA SA and Banco Bradesco BBI SA, the country's largest equity underwriters, recently told Reuters.

Movida's IPO on Monday raised a smaller-than-expected 645 million reais, after controlling shareholder JSL SA was forced to lower the deal's pricetag. A member of JSL's controlling family subscribed about 15 percent of the deal to ensure its completion, Reuters reported, citing sources.

On Thursday, Hermes Pardini clinched about 878 million reais at a price slightly above the floor of the suggested price range.

At the floor of the price range, investors bid the equivalent of three times the amount of shares on offer, Reuters reported earlier in the day, citing sources.

CPD to hold third anniversary lecture

STAR BUSINESS DESK

The rising prices and market access of medicines and pharmaceutical items will be discussed at the third anniversary lecture of the Centre for Policy Dialogue.

Professor Sakiko Fukuda-Parr, vice-chair of the UN Committee for Development Policy and an eminent scholar, will shed light on the issue at the event to be held in Dhaka on February 13.

She will talk on how the prevailing global trade regime and corporate policies are undermining the public health priorities and promising pharmaceutical industries in countries such as Bangladesh.

The anniversary lecture series has been

initiated by the CPD to give an opportunity to the Bangladeshi audience to listen to and interact with eminent scholars on issues of current and strategic developmental importance to Bangladesh.

An engaged analyst working to advance developing countries' interests in global discourse, Professor Fukuda-Parr led preparation of a number of UNDP Human Development Reports and has been closely involved in shaping the UN's 2030 Agenda for Sustainable Development.

Fukuda-Parr currently teaches international affairs at the New School in New York, and previously taught at Columbia University and Kennedy School of Government at the Harvard University, CPD said in a statement yesterday.

Centre, Mohammad Sanaulah, president of the Institute of Chartered Secretaries of Bangladesh, attends an orientation programme for the students of 39th batch of the institute, on the ICSB campus in Dhaka yesterday.

ICSB



Workers of lighter vessels go on sudden strike

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The pay rise was supposed to have been implemented within a month, said Shahadat Hossain, general secretary of the faction of Bangladesh Lighterage Sramik Union that called for the work abstention. While some of the owners have increased the wages, most have failed to do so, he said.

"We were forced to go on strike due to a section of owners' unwillingness to implement the wage hike decision."

When asked why they began work abstention two days earlier than their declared date, Hossain claimed that it was supposed to begin in between February 10 and 13.

There are over 800 lighter vessels, which need several thousand workers, according to industry insiders.

Ratan Shikdar of Assam Bengal Ghat, one of the 16 docks along the Karnaphuli river, said that four lighter vessels were waiting to unload goods, including fertiliser, wheat, coal and iron scraps, but it was not possible due to the strike.

Another vessel carrying fertiliser, got stranded at Anu Majhir Ghat, said Abul Kalam, an operator of the dock.

Both the operators said unloading of goods remained suspended in about 16 docks.

Khurshid Alam, senior vice-president of Bangladesh Cargo Vessel Owners' Association, said they are now busy with their association's upcoming election to be held on February 17.

"Nothing can be done about the matter before then," he said.

The strike would affect trade and commerce negatively, said Mahbubul Alam, president of the Chittagong Chamber of Commerce and Industry.

"The supply chain will be disrupted and production in mills and factories will be hampered for a want of raw materials."

He said as the government has hiked wages of the workers, the vessel owners should comply with it.

However, he opposed any sudden strike that disrupts the supply chains and causes sufferings.

Tesla chief in public feud with auto workers union

AFP, San Francisco

A feud between Elon Musk and the United Automobile Workers revved up on Friday as the group denied his accusation they planted a mole to unionize Tesla employees.

The UAW statement was the latest twist in a saga triggered by an online post by a man who claimed to work at Tesla's plant in California for four years and decried conditions faced by employees there.

Tesla co-founder and chief Musk was quoted at gadget review website Gizmodo this week as calling the accusations "morally outrageous" and saying it was his understanding the man was paid by the UAW to join Tesla and agitate for a union.

In a brief statement Friday, the UAW said the man "is not and has not been paid by the UAW" and called on Musk to apologize for spreading "fake news" about him.

The UAW confirmed that the post's author, who identified himself as Jose Moran, and others at Tesla have approached the union.

Moran contended that many Tesla workers put in more than 40 hours weekly of hard, manual labor, some of it "excessive mandatory overtime."

Machinery is not ergonomically designed to minimize risk of injuries, he maintained. "I often feel like I am working for a company of the future under working conditions of the past," Moran said in a post at medium.com.

Tata Steel, Thyssenkrupp merger talks face extensive delays

REUTERS, London

Investors expecting a deal this year in Tata Steel's talks to merge its European assets with Germany's Thyssenkrupp risk disappointment, given complications associated with the Indian-owned firm's British pension scheme.

Tata and Thyssenkrupp shares have firmed on hopes a merger would trigger European steel capacity cuts. Tata Steel UK, Britain's top steelmaker, is seeking regulatory approval to spin off its 15 billion pound scheme into a standalone entity because Thyssenkrupp will not take on its pension liabilities in a tie-up.

Tata says its UK unit, expected this year to post its first profit in five years, will fail if it has to keep ploughing funds into a scheme with 13 times more pensioners than paying employees. The regulator, however, has yet to be convinced about 'imminent insolvency' - a precondition for spinning off a scheme - when Tata's UK unit is turning a profit.

"There are still significant issues to be resolved," said a spokesman for The Pensions Regulator.

Experts and sources cite the difficulty of separating the pension fund into a rare standalone structure and of calculating how much money could be recovered from Tata to bolster it. "It wouldn't surprise me if these negotiations take another year," said Clive Fortes, partner at consultancy Hymans Robertson. Six equity analysts surveyed by Reuters expect a merger this year, with four of them expecting a deal by the summer. Three doubted the merger talks, announced last July, would succeed.

Thyssenkrupp's finance chief said on Thursday "one must give Tata time" to find a solution for the fund. The company declined to say how long it would wait. Tata Steel declined to comment on a timeline for talks, but said this week it is hoping to "develop a solution for the UK pensions in the coming months".

Its 11,000 UK employees have been

balloted on closing their BPS scheme to future accrual, with results due this month. But that is only the first step towards separation of a scheme that has 130,000 members.

The BPS's deficit is likely to balloon to 1 billion-2 billion pounds at end-March due to lack of support from Tata's Indian parent, the trustees said last month, adding the UK unit risks insolvency as a result. However, the British business is targeting a profit of around 200 million pounds (\$250 million) this year, sources say, helped by job cuts, surging steel prices and a slump in the pound that has made its exports more competitive.

The global steel industry's chronic overcapacity is meanwhile shrinking.

"It seems there are now doubts as to whether the business really is insolvent, which makes the pension situation more difficult," said Ros Altmann, independent pensions expert and former UK pensions minister. The size of a BPS claim against Tata's Dutch steelworks is also unclear, with one media report putting the guarantee at 30 percent of the value of the Dutch business. The trustees are seeking hundreds of millions of pounds from Tata to sever the guarantee and aid the scheme's spin-off. "There'll be an army of actuaries and lawyers combing through the accounts, arguing over the wording of the Dutch guarantee," said Fortes, adding this discussion alone could take a year.

An industry source said that guarantee is worth at least 500 million pounds. Tata might be liable for more than a billion to cover a full spin-off, said Martin Hunter, principal at consultants Punter Southall. Then Tata is seeking rare regulatory approval to cut scheme benefits, spin the scheme off into a standalone entity not backed by a solvent employer, and continue trading.

"There is no legislative mechanism for this and the chances of it happening are very low," said independent pensions consultant John Ralfe.

Islamic microfinance to deepen financial inclusion

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The sole breadwinner of her family of four, Morsheda was struggling to make ends meet until she took out a Tk 15,000 loan from the Social Safety Net Foundation, a shariah-based microfinance institution.

With the loan she purchased a calf that she sold off after a couple of months for Tk 35,000. With her windfall she opened a tea stall and she never looked back since.

Today, she is comfortably running her family with her monthly income of Tk 13,000 and has plans to expand her business further.

Of the 8 million microcredit borrowers in the country, only 1 percent is under Islamic microfinance, according to the study.

"Many microfinance institutions have good products but they cannot convert them into shariah-compliant ones," Islam added.

A shariah advisory committee will be formed to develop a guideline for Islamic microfinance by 2017, said Enamul Haque Sarkar, programme manager of IRB.

"Islamic banking is a must for the country's development," said M Azizul Haq, chairman of the executive committee of CSBIB.

"Islamic banks did not even fail during recession when other banks did. They have financial resiliency," he added.

Shabel Firuz, country director of IRB, was also present.

164 businesses get CIP status

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CIP crests will be handed over to the recipients at a programme at Radisson Hotel in Dhaka on February 27, Mamoona said.

The CIPs will enjoy some privileges for one year. They will get permission to enter Bangladesh Secretariat, participate in different national programmes and get priority in booking tickets for air, railway and waterway travels for business purposes.

The foreign ministry will also help the CIP cardholders receive visas by issuing letters of introduction to the embassies concerned.

The CIPs will also have access to the VIP lounges at airports in the country and their families will get priority in booking cabins at government hospitals.

Garment exports to UK drop amid Brexit fears

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Murshedy's company usually clocks at least 10 percent growth in shipments to the UK market every year. But this year it might decline to 7 percent.

Envoy Group exports more than \$10 million worth of apparel products to the UK every year, according to Murshedy.

The exporter's concern is also being felt by Britain's largest clothing retailer Next, a major importer from Bangladesh, which said it was preparing for tough trading conditions in 2017 as inflation erodes real earnings growth.

Previously, the retailer said: "The year ahead looks set to be another challenging year. Therefore, we are preparing the company for tougher times and have set our full price sales budget accordingly."

Next, the largest clothing retailer by sales in the UK, has slashed work order volume for Bangladesh.

The retailer had planned to buy apparel items worth \$260 million from Bangladesh in 2016. But at the end, the retailer took garment items of about \$180 million, said a senior merchandiser, who works for the retailer.

Global banking giant HSBC also predicted a slowdown in exports to the UK due to Brexit.

A slowdown in trade with weakening demand from the UK would hit Bangladesh's exports in the near future, HSBC said recently. This scenario is based on the UK enduring a 'hard' exit from the EU involving loss of access to the common market, the bank said.

BGMEA's Rahman suggested the government continue negotiation with the UK so a bilateral trade deal that maintains the preferential duty benefit could be signed once Brexit comes into effect.

GP seeks to set up tower company

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The lease agreement between Grameenphone and the relevant landlords for each tower will also be transferred to the new company.

The move will build in greater efficiency, maximise resource utilisation, minimise duplication as well as ensure even market competition in the country, Hossain said.

"It is our expectation that the regulator will give us the 'go ahead' to maintain an equitable market dynamic and a level-playing field, since a similar modality already exists in the market," he added.

Currently, there are about 30,000 towers, of which Grameenphone owns more than 12,000. BTRC is now poring over Grameenphone's application, said one of its top officials.