



TIE DHAKA

Jayesh Parekh, co-founder of Sony Entertainment Television and managing partner of Jungle Ventures; Hossain Khaled, president of the Bangladesh chapter of the Entrepreneurs' Organisation; Shameem Ahsan, president of TIE Dhaka, and Sonia Bashir Kabir, former president of TIE Dhaka, pose for photographs, along with others, on the sidelines of a seminar titled "An entrepreneur's journey by Jayesh Parekh" in Dhaka on Tuesday.

Philippines says will lift Uber suspension if hefty fine paid

REUTERS, Manila

The Philippine transport regulator said on Friday it would lift a one-month suspension on Uber Technologies Inc if it paid a penalty of 190 million pesos (\$3.7 million), a fine nearly 20 times greater than Uber had offered to pay.

The Land Transportation Franchising and Regulatory Board, or LTRFB, said Uber also needed to collectively pay its drivers nearly 20 million pesos daily as financial assistance during the suspension period.

"We're working hard to meet the conditions for the lifting of the suspension and hope to resume operations as soon as possible," Uber said in a statement.

The regulator halted Uber's operations for a month from Aug. 14 for disregarding a directive to stop accepting new driver applications. Uber, which said it did not process those applications, later told the LTRFB it could pay a fine of 10 million pesos to get the suspension lifted.

The Uber freeze has attracted public attention because many Philippine commuters regard the ride hailing app as more reliable and competitive than mainstream

transport services. Uber recently said it had nearly 67,000 Philippine drivers.

The LTRFB said the penalty was calculated by "taking into consideration the number of days that (Uber) should be suspended in relation to the daily average income."

Citing data submitted by Uber, the LTRFB said it had daily income of up to 10 million pesos from at least 150,000 trips. The fine took into account the remaining suspension period of 19 days, said LTRFB board member Aileen Lizada.

"The lifting of suspension will depend on the payment of fine and remittance of financial assistance," Lizada told reporters in a text message.

The dispute with the Philippine regulator is the latest setback this year to Uber, a firm valued at more than \$60 billion.

Its Philippines suspension caused a spike in demand for rival Grab, and long queues near offices and malls and some disgruntlement about reverting to using regular taxis.

Senator Grace Poe, a prominent advocate for improving transport services, tried to bring Uber and LTRFB officials together to work out a compromise. An executive of Uber apologised for its "misunderstanding".

Russia sanctions disrupt Italian bank's 5b euro loan deal

REUTERS, London/Manila

Italian bank Intesa Sanpaolo has encountered problems syndicating a loan to Glencore and Qatar's wealth fund to finance their purchase of a stake in the Kremlin-controlled oil major Rosneft because of new US sanctions against Russia.

Four banking sources told Reuters that Western banks including from the United States and France have so far put on hold their participation in the syndication of the 5.2 billion euro (\$6.13 billion) loan that Intesa provided last year.

Intesa invited about 15 banks to join the loan when it opened the syndication in May. A loan of this size would normally take between four and six weeks to syndicate, though deals involving emerging markets can sometimes take a few weeks longer.

The banking sources said their compliance departments needed to understand the new sanctions.

They also said the syndication was complicated by a political stand-off between Qatar and Saudi Arabia. Banks are taking a more cautious approach to deals involving Qatar as they are wary of damaging their relations with Saudi Arabia and the other three Gulf nations embroiled in the dispute.

"The syndication is stuck because of new US sanctions on Russia. The new sanctions are so wide-reaching that they will surely impact all similar deals involving Russian state firms," said a London-based source with a large Western bank invited by Intesa to participate in the syndication.

Intesa, Italy's largest retail bank, declined to comment. The banking sources did not want themselves or their banks to be named because they were not cleared to speak about the deal and because talks between Intesa and the banks about the syndication are confidential.

Last month, Washington imposed new sanctions on Russia in the strongest action against Moscow since 2014 following Russia's annexation of Crimea and incursion in east Ukraine.

The new round of sanctions was in part a response to conclusions by US intelligence agencies that Russia meddled in the 2016 US presidential election. The sanctions dashed hopes of a rapprochement between Moscow and Washington.

The syndication was meant to spread the

risk for Intesa which has so far lent all of the money. The loan helped commodities house Glencore and the Qatar Investment Authority buy 19.5 percent in Rosneft to help the Russian government plug budget holes.

The Italian government says the loan is compliant with the new sanctions.

Intesa, which ranks as a fairly small investment banking player but has good connections in Russia, invited several French, Dutch and US banks as well as China's Bank of China and ICBC to participate in the deal.

A source said ICBC and Bank of China had indicated they would be willing to participate in the deal, though they are more wary now given the political problems hitting Qatar. An official at ICBC declined to comment and one at BOC did not immediately respond to a request for comment.

Bankers said the syndication was always expected to be complicated.

Rosneft, its boss Igor Sechin and Russia's top state banks are all subject to sanctions imposed after Russia's annexation of Crimea from Ukraine in 2014, and some banks had refused to consider the deal on these grounds from the start.

In addition to that, Glencore and QIA never disclosed full details of the deal, prompting the bankers to question whether they could go ahead with the syndication without knowing all beneficiaries of the transaction.

A spike in tensions between Qatar and its Gulf neighbours including Saudi Arabia also happened just as Intesa started syndicating the loan.

"The regional dispute has not helped - it is tough," a London-based loan banker said.

"Political tensions around Qatar slowed the deal somewhat. But a real problem came when the US imposed new sanctions (on Russia) in July," another London-based banking source said.

Back in 2014, US and European sanctions made it impossible for Russian state-owned companies and many private ones to raise new capital but left loopholes for raising money.

"With the new sanctions, I expect a lot of troubles with lending to projects led by Russian state firms... And possibly to many private ones," said one of the banking sources.

No end to British wage squeeze despite tumbling jobless rate

REUTERS, London

Britain's economy faces a paradox. Unemployment has fallen to its lowest since 1975 but no end is in sight to the longest squeeze on pay in more than 100 years.

Businesses and trade unions think workers are unlikely to see the 3 percent increase in average earnings that the Bank of England predicts for next year, despite record employment levels and widespread reports of shortages of skilled workers.

Wage growth has been weak in many countries over the past decade, but in Britain the break with what was the norm before the 2008-09 global financial crisis has been particularly acute.

Shifting employment patterns have weakened

Weakness in British wages pre-dates last year's vote to leave the European Union but concern about Brexit is among factors that make Joyce doubt wages will rise faster in future.

Most British companies take a similar view. The Chartered Institute for Personnel and Development, a professional body for human resources staff, said 2 percent is the most common annual increase in basic pay in the private sector.

In the public sector, pay rises have been capped at 1 percent since 2013 as part of government austerity measures. "Employers are not under pressure to raise wages," CIPD labour market analyst Gerwyn Davies said.

The result is that after inflation is taken into account, average pay in Britain last year was 2.7

low, there are not large numbers of people who have given up looking for a job. However this masks a big fall in job security for many Britons, and a weaker bargaining position for others.

The number of workers on "zero-hours" contracts, which offer no guaranteed work and in practice often tie them to a single employer, peaked at 905,000 late last year. One million part-time workers also want full-time work.

"Workers do not feel confident enough to ask for a pay rise," said Kate Bell, a senior official at Britain's Trades Union Congress.

Bank of England data show rates of trade union membership are the lowest since the 1930s, while the proportion of British workers who are self-employed is the highest since records began in the mid-19th century.

It was in this context that the BoE's chief economist, Andy Haldane, highlighted similarities between the weak response of wages to falls in unemployment since 2013, and a much longer period of stagnation between 1500 and 1700.

"Prior to the Industrial Revolution ... most workers were self-employed or worked in small businesses. There were no unions. Hours were flexible, depending on what work was needed to collect the crops, milk the cows or put bread on the table," he said in a speech in June.

It is however possible Britain's labour market is nearing a turning point, and some of the post-crisis factors bearing down on wages are beginning to ease. The number of workers on zero-hour contracts has fallen in the past six months, employers report increased skills shortages and some recruiters are finding they must offer big pay rises to tempt candidates.

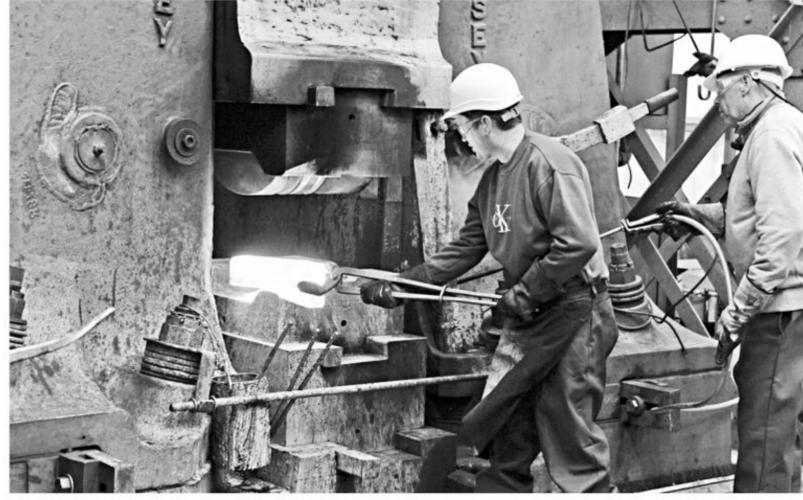
The effect of a weaker pound since the Brexit referendum in June 2016 and concerns about Britain leaving the EU make this a particular issue for sectors such as construction that rely on foreign workers.

"We'll advertise for people and unless we put these increased rates on the advert, people won't reply," said Simon Noakes of Bespoke Recruitment, who now offers bricklayers 210 pounds (\$269) a day, up from 160-170 pounds last year.

But official data show wage growth in the construction sector as a whole is slowing, and CIPD analyst Davies said trends in recruiters' day-rates and starting salaries did not give a good steer on future moves in average wages.

Moreover, faster wage rises will not be sustainable until British productivity growth improves its dismal post-crisis trend. Output per hour has stagnated since 2008, compared with an average of 2 percent a year before the crisis, and is closely correlated with wage trends.

"I can't overstate the significance of this underlying factor behind disappointing (pay) growth," Davies said. "Investment is not increasing in terms of skills or capital and machinery. Until that happens ... employers won't be able to afford the two percent plus pay increases that we all want."



REUTERS/FILE

Workers forge in a factory in Britain.

workers' ability to demand a greater slice of the pie from employers -- and the size of that pie is growing more slowly than before because of a slump in productivity growth.

One top BoE official has even questioned whether Britain is returning to the wage stagnation that dogged the country for centuries before the 18th century Industrial Revolution.

For Larry Joyce, chairman of metal foundry Kimber Mills, keeping a tight grip on wage costs is essential. Four percent annual pay rises were typical in Britain before the financial crisis. Now Joyce tries to raise wages by no more than the BoE's inflation target of 2 percent. During the worst of the crisis, pay was frozen.

In good years, most staff can expect a bonus from a profit sharing scheme. "But it's for one year. So if things dip back down again, you are not saddled with a level of wages you can't sustain," he explained.

percent lower than at its peak in 2007, according to figures from the Paris-based Organisation for Economic Co-operation and Development (OECD) think tank.

By contrast, average pay rose nearly 18 percent in real terms between 2000 and 2007.

The 2.7 percent fall puts Britain in bottom place among the world's seven largest advanced economies. In Europe only Greece and Portugal have fared worse.

Britain's shortfall looks set to worsen this year because of the pick-up in inflation since the Brexit vote. Pay grew 2.1 percent in the second quarter, but inflation was up 2.7 percent.

What makes Britain different to Greece and Portugal is that, on the surface, its labour market appears to be booming.

Unemployment fell to 4.4 percent in the three months to June, its lowest rate since 1975. Unlike in the United States, where unemployment is similarly

Brazil announces flood of privatisations

AFP, Rio De Janeiro

A wave of privatisations announced by Brazil's President Michel Temer has fired up the stock market with hopes of economic renewal, but critics fear an irresponsible fire sale.

It's an impressive list with 58 items ranging from the Congonhas aircraft terminal in Sao Paulo to big state-run energy utility Eletrobras and even the national mint, which produces banknotes and passports.

Throw in Temer's decree, also unveiled this week, to scrap a huge Amazon reserve and allow commercial mining and you have the makings of an investment bonanza.

The government hopes the wind-fall will finally put Brazil back on the financial map after two years of recession, investor flight and today's

double digit unemployment.

Temer's first priority is to solve a ballooning budget deficit and analysts say the privatisations stand to bring in some 40 billion reais (\$12.7 billion) by the end of 2018, when Temer's term also finishes.

With political resistance strong against new taxes and major pension reform facing dilution, the Temer government has been forced to get creative.

Temer's close ally in government, Wellington Moreira Franco, calls the plan a way of "confronting the problem of unemployment, revenues and return of conditions" for growth.

Economy Minister Henrique Meirelles stated plainly on Thursday that the privatisations will bring reassurance that "the fiscal balance is being achieved."

Sao Paulo's stock market responded with euphoria. Eletrobras shares rocketed 50 percent on Tuesday when the announcement for the utility was made, helping to boost the Ibovespa index above 70,000 points for the first time since 2011.

But doubts immediately surfaced about whether the project will go as smoothly as hoped.

For Marcelo Caparoz, an analyst from RC Consultores, the government's principal goal is to show it means business.

"The most important factor in these announcements is the signal the government is sending to the markets, giving them the incentive to identify (state-run) businesses with potential to be put into private hands," he said.

But Caparoz believes the mar-

ket's reaction showed that investors were taken by surprise, indicating the government acted speedily -- and maybe isn't fully prepared.

"Executing the plans could be problematic," he said.

Resistance to the privatisations is already starting, much of it focused on the sale of Eletrobras, which has 233 power plants generating more than a third of the country's electricity. Senator Edison Loboa, from Temer's own PMDB party, said he opposed the sale of a company with "a strategic function, which therefore should remain under state control."

The government has tried to reassure critics, saying that under the plan it would retain a so-called golden share giving veto power over certain areas of the company's activities.



MTB

Prime Minister Sheikh Hasina receives Tk 3 crore as donation for the flood-hit people from Mutual Trust Bank Chairman MA Rouf at a programme at the Prime Minister's Office in Dhaka on Wednesday.