

**BUSINESS**

**BIZ BRIEFS**



A farmer carrying a bundle of wheat on his shoulders during harvesting on the outskirts of Herat province, in Afghanistan.

**Xiaomi buys patents**

SHANGHAI: Upstart smartphone maker Xiaomi has bought nearly 1,500 patents from US technology giant Microsoft, the companies and reports said, as part of a 'global partnership' that will help the Chinese firm expand outside its home market. The patents cover wireless communications, video, cloud and multi-media technologies, *Bloomberg News* quoted a Xiaomi spokeswoman as saying. Besides the patent transfers, Xiaomi will pre-install Microsoft Office and Skype on its Android smartphones and tablets, Microsoft said in a statement. Xiaomi sold more than 70 million handsets last year. In May, Microsoft announced the sale of its phone business for \$350 million to a new Finnish company HMD Global and its Taiwanese partner, FIH Mobile of FoxConn Technology Group. Microsoft bought the unprofitable handset unit of Finland's Nokia in 2014, but is now seeking to shut it down as it largely exits production. — AFP

**SoftBank stake sale**

TOKYO: SoftBank said on Wednesday it will sell at least \$7.9 billion worth of its stake in Chinese e-commerce giant Alibaba, as the Japanese firm looks to pay down a whopping debt load. The mobile carrier, led by colourful billionaire Masayoshi Son, first invested in Alibaba in 2000, which has since ballooned into what is now considered to be the world's biggest online retailer. In recent years, SoftBank launched an acquisition streak that saw it pick up an assortment of firms, including its \$16 billion purchase of US-based mobile giant Sprint. But the buying spree has put pressure on SoftBank's finances. Its total debt stood at an eye-watering \$106 billion at the end of March. — AFP

**Nepal requires \$20bn to develop 10,000 MW in next 10 years**

Himalayan News Service  
Kathmandu, June 1

The Nepal Power Investment Summit 2016 concluded today with a declaration that Nepal requires \$20 billion to develop 10,000 MW on grid hydropower projects in the next 10 years. The power investment conference was organised by the Energy Development Council (EDC) — the umbrella organisation of the energy sector — in partnership with the Ministry of Energy and Investment Board Nepal.

The summit also declared that the country would need investment of \$5 billion for high voltage transmission line projects to be completed within 2035. The Budhigandaki 1,200 MW, Narsingad

highlighted the investment challenges and opportunities on energy and infrastructure development in Nepal. Speakers also stressed on the need to develop alternative source of energy.

Aliana B Teplitz, ambassador of the US to Nepal, stated that despite having a huge potential of generating more than 40,000 MW electricity, the installed capacity of Nepal is merely at 780 MW. "There is still a huge room for development." She stressed on the need to have better policy and legislation to improve the present scenario.

During the conference, Nepal Electricity Authority (NEA) mentioned that projects with combined capacity of 1,330 MW are under construction and will be completed by 2020. "We need to invest about \$20 billion in the next 10 years to generate 10,000 MW," said Lila Nath Bhattarai, deputy managing director at the Engineering Services Directorate, NEA. NEA also said that they faced various geological problems, technical problems in structures and other natural calamities.

Allard Nooy, CEO at Infracore Asia, Singapore, made a presentation on the challenges for investment in the energy and infrastructure sector in Nepal. Nooy said, "Lack of a coordinated approach to get necessary approvals and permits and lack of adequate background information of projects and related risks were major challenges for investors."

Nooy further stated the government needs to introduce a more transparent regulatory framework with more satisfactory returns in order to attract foreign direct investment for economic transformation. There were more than 200 participants from China, US, Canada, Bulgaria, Norway, India, Bhutan, Slovenia, Czech Republic, Thailand, Vietnam, France, Austria and UK, among others, at the summit.

**Investment of \$5 billion needed for high voltage transmission line projects**

410 MW, Tamor 762 MW, Andhikhola 180 MW, Tamakoshi V 87 MW, Upper Tamor 415 MW, Tamakoshi III 650 MW and Thuli Bheri 530 MW projects have been identified as prominent opportunities for investors, says a statement issued by the EDC.

Investors expressed interest to explore investing in mid- and large-scale power projects in Nepal worth billions of dollars provided the investment environment improved and Nepal's ranking in the ease of doing business increased. They have also expected to soon have a one-window policy to get all necessary approvals and permits for doing business.

EDC also launched a book 'Inventory of Rivers of Nepal' that identifies 11,614 rivers and rivulets during the summit. The council has said that it will soon carry out a study on the potential of developing hydropower projects in those rivers and rivulets in the second phase.

Forty speakers from India, Singapore, Thailand, Bhutan, China, US and UK, among others, high-

**World's longest tunnel opens in Europe**

Agence France Presse  
Erstfeld, June 1

The world's longest tunnel officially opened today, with the trailblazing rail passage under the Swiss Alps aiming to ease transit through the heart of Europe.

With political unity on the continent shaken by a massive influx of migrants and the looming threat of Britain's EU departure, Swiss President Johan Schneider-Amman said the tunnel would 'join the people and the economies' of Europe. He spoke before the 57-kilometre Gotthard Base Tunnel (GBT) made its ceremonial first run with European leaders on board.

The passengers included German Chancellor Angela Merkel, French President Francois Hollande and Italian Prime Minister Matteo Renzi.

While the tunnel was entirely funded by non-EU member Switzerland, the bloc's transport commissioner Violeta Bulc has hailed it as 'a godsend' for the continent.

It runs from Erstfeld in the central canton of Uri, to Bodio in the southern Ticino canton. Travel through Alpine region, by rail or by road, requires taking a zig-zag and undulating route.

The Gotthard Base Tunnel was designed to offer a better option for both private travellers and commercial freights.

When the full service opens in December, the tunnel will shave the train journey from Zurich to



Germany's Chancellor Angela Merkel (centre) gesturing as Italy's Prime Minister Matteo Renzi (left), Switzerland's Federal President Johann Schneider-Amman (second from left) and France's President Francois Hollande look on while travelling in the VIP train during the opening ceremony of the Gotthard Base Tunnel, in Gotthard, on Wednesday.

Milan in northern Italy down to two hours and 40 minutes, roughly an hour less than it currently takes.

It should also make rail freight more efficient — partly by supporting heavier cargo, which should reduce the number of smoke-spewing lorries on the roads, in turn improving traffic and curbing pollution.

The number of daily rail passengers is expected to increase from the current rate of 9,000 people to 15,000 by 2020, according to the Swiss federal railway service.

The rough design for a rail tunnel under the Gotthard Pass was first sketched by

Swiss engineer Carl Eduard Gruner in 1947.

But bureaucratic delays, concerns over the cost and other hurdles pushed back the start of construction until 1999. The work took 17 years at a cost of more than 12 billion Swiss francs (\$12 billion).

As per Swiss rail service, it also took 43,800 hours of non-stop work by 125 labourers rotating in three shifts to lay the tunnel's slab track. The ambitious venture was largely made possible by technical advances in tunnel-boring machines, which replaced the costly and dangerous blast-and-drill method.

The primary machine used to make the Gotthard tunnel was roughly 410 metres long and functioned like a mobile factory.

It cuts through rock and throws the debris backwards while simultaneously placing the pre-formed segments of concrete that form the shape of the tunnel.

A separate system grouts the pieces together.

With its official opening, the GBT has surpassed Japan's 53.9-kilometre Seikan tunnel as the world's longest train tunnel. The 50.5-kilometre Channel Tunnel that links England and France has been bumped into third place.

**Faith in neoliberal doctrine questioned**

Agence France Presse  
Washington, June 1

Leftists have long made a sport of blasting neoliberalism, market-guided economic doctrine championed by International Monetary Fund (IMF), as boosting poverty and inequality.

Now that view is coming from inside the IMF itself. A new assessment from Fund economists suggests the neoliberal approach to creating sustainable growth in developing countries can have its own lasting ill effects.

Their views offer support to legions of critics in countries like Greece and Portugal that have endured tough IMF-designed 'austerity' programmes to straighten out their finances.

"The benefits of some policies that are an important part of the neoliberal agenda appear to have been somewhat overplayed," they said in an arti-

cle in the June edition of the Fund's *Finance & Development* magazine.

"Instead of delivering growth, some neoliberal policies have increased inequality, in turn jeopardising durable expansion."

The authors, three members of the IMF research department, said the traditional approach to helping countries build their economies through tight government spending, privatisation, freer trade and open capital flows can have 'prominent' costs in terms of greater inequality.

"Increased inequality in turn hurts the level and sustainability of growth," they said. "Even if growth is the sole or main purpose of neoliberal agenda, advocates of that agenda still need to pay attention to distributional effects."

While the three say 'there is much to cheer in the neoliberal agenda', they single out two key tenets as problems:

removing all restrictions on capital movement; and implementing budget austerity on governments with unsustainable deficits and debt.

The economists acknowledge the great benefits to a developing country of incoming capital. But they say that freed of constraints, foreign capital can be short-term and capricious, causing great volatility in markets and 'raising the odds of a crash'.

In 150 cases since 1980 of emerging economies which experienced a sharp surge in capital inflows, 20 per cent ended with a financial crisis, they said.

On top of that, financial openness leads to 'appreciable' increases in inequality in a country's population, they said. Austerity policies, which often aim to curb size of the state, not only 'generate substantial welfare costs' but also 'hurt demand — and thus worsen employment and unemployment'.

**Japan PM pushes back tax hike decision**

Agence France Presse  
Tokyo, June 1

Japan's prime minister today said he would delay a sales tax hike that threatened to derail the fragile economy, but analysts said it highlighted the failure of his years-long efforts to spark growth.

The decision by Shinzo Abe also drew a warning from credit rating agency Fitch, which said it would 'undermine the credibility' of Japan's commitment to paying down one of the world's biggest national debts.

Abe had repeatedly said he would follow through on the levy hike, planned for 2017, after it was already delayed once.

But today he said raising the tariff to 10 per cent from eight per cent would be pushed back by more than two years to late 2019, when he is likely no longer in office.

That means the tough job of raising taxes will be pushed onto his successor.

Abe insisted that delaying the tax hike would give Tokyo breathing room to take his faltering Abenomics growth plan 'one step further'.

"We will do our utmost to create an environment conducive to raising the tax from October 2019," he said.

The Japanese leader — who swept to power in late 2012 on a pledge to kick-start growth with his Abenomics policy blitz — is expected to announce a fresh spending package within several months.

The top-selling *Yomiuri* newspaper earlier said the stimulus could reach 10 trillion yen (\$90 billion).

Japan's economy remains

weak and there were widespread fears that another sales tax hike would hammer the world's number three economy by taking a bite out of consumer spending.

"It's hard to say that 'Abenomics' has been successful if (Abe) has to postpone a tax hike," said Masamichi Adachi, senior economist at JPMorgan in Tokyo.

Japan's last sales tax rise in April 2014 was blamed for pushing Japan into a brief recession.

But critics say it is crucial to shrink a debt mountain that is more than twice the size of the economy, as social welfare costs balloon in the ageing nation.

Much of Japan's debt is held domestically at low interest rates which have allowed the country to avoid a Greek-style cash crunch.

But a loss of confidence in Tokyo's ability to pay its debts could send interest rates soaring and increase the risk of a bankruptcy.

Ratings agencies have previously cut Japan's credit standing over its debt.



Fitch today warned of a possible move, but said it would await more details on Tokyo's fiscal plans 'before drawing conclusions for Japan's ratings'.

By contrast, Standard & Poor's said it would not change its rating, noting that there were 'clear risks' to Japan's economy if the tax was raised next year, citing weakness overseas and a strong yen.


Last week at a G7 summit, Abe hinted at the delay as he warned over a global economic 'crisis'.



A technician of the Interprofessional Committee of Champagne Wine showing an inflorescence of a hybrid vine plant from research conducted jointly by the CIVC and National Institute of Agricultural Research, to develop grape varieties adapted to climate change and that are disease resistant, in Epernay, north-eastern France.

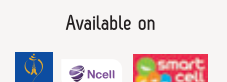
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