

Banks' provision shortfall drops 12pc in 2005

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Commercial and specialised banks' provision shortfall reduced 12 percent in 2005, thanks to drop in non-performing loans.

The provision shortfall dropped Tk 615 crore to Tk 4,575 crore in 2005 against Tk 5,190 crore in 2004, according to Bangladesh Bank statistics.

The overall default loan dropped 4.08 percentage point and stood at 13.15 percent of the total loans on December 31, 2005.

Banking sources said nationalised commercial banks (NCBs) alone made around Tk 1,000 crore profits last year, helping them

maintain required level of provision against non-performing loans. The NCBs reduced Tk 7,894 crore provision shortfall.

Besides, 26 of the 30 private commercial banks (PCBs) had no provision shortfall in 2005, which contributed to reduction in overall provision shortfall.

The amount of required overall provision against the default loans was Tk 8,331 crore, but the banks maintained to make provision of Tk 4,255 crore.

The banking sources said although the provision shortfall dropped, the amount is still worrying.

The Bangladesh Bank Annual

Report FY05 said, "The main reason for the continuous shortfall in the provision adequacy is the inability of the NCBs and some of the PCBs including those in the problem bank category to make sufficient provisions due to inadequate profits and also transferred provision for write-off."

On December 31, 2005 the provision shortfall of the four NCBs stood at Tk 3,961 crore, which was 87 percent of the total shortfall. The required provision against their default loan was Tk 5,284 crore, but they made provision of Tk 1,322 crore.

The provision shortfall of the PCBs was Tk 271 crore on

December 31, 2005. The required provision against their default loan was Tk 2,053 crore, but they made provision of Tk 1,782 crore.

The provision shortfall of development financial institutions (DFIs) was Tk 410 crore on December 31, 2005. The required provision against their default loan was Tk 1,338 crore, but they made provision of Tk 9,27 crore.

However, foreign commercial banks (FCBs) had no shortfall. They had excess provision of Tk 68 crore on December 31, 2005. The required provision against their default loan was Tk 155 crore, but they made provision of Tk 223 crore.

State Bank of India plans to acquire bank in Bangladesh

BSS, Mumbai

State Bank of India (SBI) has identified a commercial bank in Bangladesh for acquisition and also approached the authorities for permission to open a branch office in Pakistan.

"We have approached the regulatory authorities to allow us for opening a branch in Pakistan while discussions are going on for taking over a bank in Bangladesh," SBI Chairman AK Purwar told media persons here, Webindia reported.

He said the SBI had presence in Pakistan prior to 1965 and now again "we wish to open a branch there". "Within the Saarc region, Pakistan is the only country where SBI has no presence now," he said.

In Bangladesh, the SBI has identified a bank but Purwar did not wish to reveal the name now.

"We are willing to spend around US\$ 100 million on acquiring a small or medium-sized bank," he said.

This year the SBI, which acquired banks in Mauritius, Indonesia and Kenya last year, has scaled up its aggressive mood in acquisition of small and medium-sized banks abroad and the funding could be around \$ 100 million for every acquisition. For financing the growth of business and expansion, the SBI would need to raise a higher capital in the coming fiscal.

S'pore wins Qatar airport deal

ANN/ THE STRAITS TIMES

Singapore companies have scored a significant success in the increasingly competitive world of airport development, winning contracts believed to be worth hundreds of millions to help Qatar design and plan its new US\$5.5 billion Doha International Airport.

Overseas investment promotion agency International Enterprise (IE) Singapore played matchmaker for CPG Consultants, IT service provider NCS, and several other companies, which will provide information technology expertise and other services to the project, Qatar Airways' chief executive officer Mr Akbar Al Baker told The Straits Times on Friday (Feb 24).

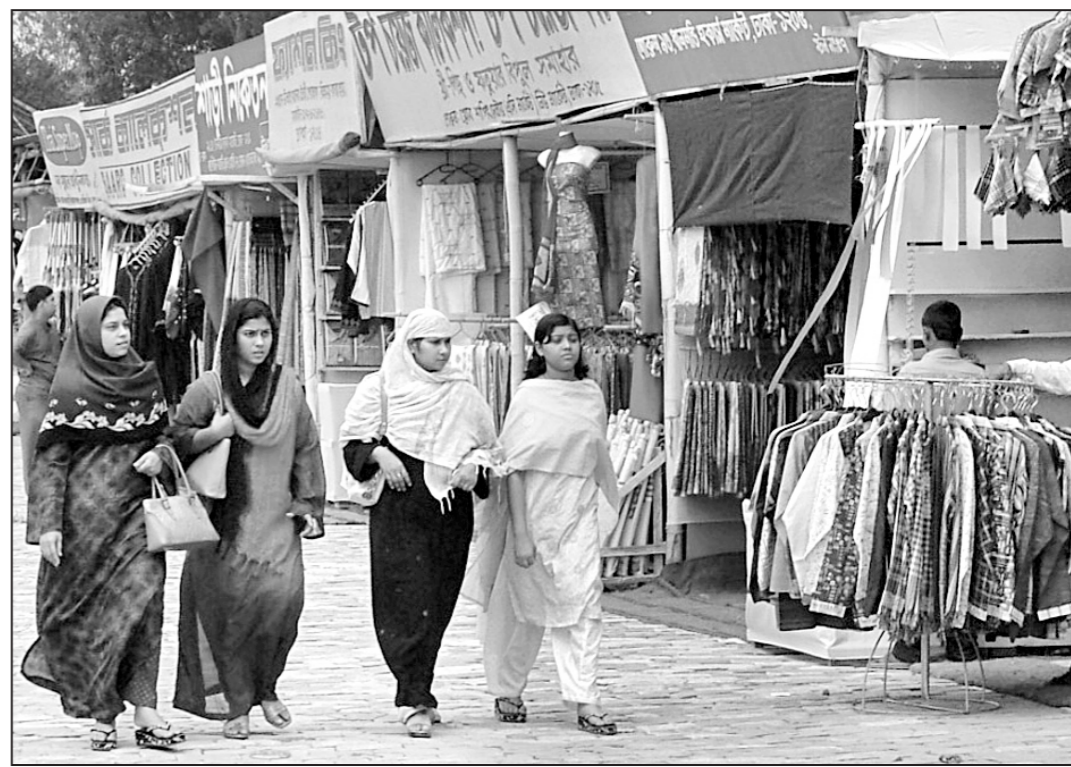
The airline, which also runs the country's airport, is keen to involve the Civil Aviation Authority of Singapore (CAAS) in training its staff too.

It is the first major airport development venture for Singapore companies in the growing Middle East market, and comes on the heels of news that Dubai is forming a potentially powerful corporation, with US\$15 billion in government backing, in a bid to become a major industry player.

Airport business in Asia-Pacific and the Middle East is expected to grow by up to 9 per cent a year over the next decade, according to a study by global management consulting firm A.T. Kearney.

This translates into a US\$400 billion market for airport development and operations, of which Singapore is eager for a large slice.

The success in Doha follows failure in India. Last year, Changi Airport Managers & Partners (Champs), a wholly-owned subsidiary of the CAAS, pulled out of a tender bid for a multi-billion-dollar project to upgrade Delhi airport after differences with its Indian partner, telecommunications company Bharti Enterprises.



Women walk past stalls at the month-long Chittagong International Trade Fair. The 14th version of the fair at Railway Polo ground has gained momentum as sales are picking up.

EU official to press Aussies, Kiwis over WTO deal

AFP, Brussels

The European Union's farm chief will press Australia and New Zealand next week to respond in kind to an EU offer to cut aid for agriculture to help unblock embattled world trade talks, aides said Friday.

EU Commissioner for Agriculture Mariann Fischer Boel will make an eight-day visit to the two countries starting on Tuesday, including talks with their trade and farm ministers as well as New Zealand Prime Minister Helen Clark.

"She will underline... how much both countries, as leading agricultural exporters, stand to gain from the EU's offer on agriculture," which notably proposed to cut tariffs and phase out export subsidies, a statement said.

The EU "will also insist that both countries reform the trade-distorting features of their State-Trading Enterprises in parallel with the phase-out of EU export subsidies," it added, citing the Australian Wheat Board and Fonterra, which acts on behalf of 11,600 New Zealand dairy farmers.

Critics say that as monopolies

they distort global prices, and that they undercut foreign competitors, for example by providing preferential financial aid and transport for farmers.

Australia denies that its Wheat Board subsidises farmers and has challenged the EU to produce independent research to prove its assertion that it distorts trade in global markets.

Officials at Fonterra, a private firm created when New Zealand's dairy board was transformed in 2001, and today a leading multinational company, have also dismissed the EU criticism.

The 149 WTO nations are struggling to break a deadlock in the four-year-old Doha round of negotiations, which aim by the end of 2006 to produce a treaty on cutting trade barriers and using commerce to give poor nations a boost.

The EU official's office noted that her visit "comes as the Doha Round of global trade talks enters a crucial phase," with an outline deal on farm and non-farm market access due to be agreed by the end of April.

Travel by AC trains to be cheaper in India

PALLAB BHATTACHARYA, New Delhi

Travel by air-conditioned (AC) trains in India will be cheaper from April one this year.

Faced with increasing competition from rising number of low-cost airlines, Railway Minister Lalu Prasad Yadav, while presenting his ministry's budget for 2006-07 in Parliament on Friday, announced a cut in fares of AC first class by 18 percent and AC second class by 10 percent.

Passenger tariff structure will be rationalised, he said.

Yadav also announced introduction of a fully air-conditioned 'Garib Rath' (Poor people's chariot), which will be run on a pilot basis. The fares of this train will be about 25 percent lower than present AC-III tier fares.

Yadav said there will be no across-the-board increase in freight rates and rationalisation of goods traffic will continue further. Although airfares between Indian cities in many cases are slightly higher than train travel, many Indians prefer flights because of less time taken by air.

Office bearers of Islamic Banks Consultative Forum



Chairman



Vice chairman

Sajjatzum Jumma, chairman of Shahjalal Islami Bank Ltd, has been re-elected chairman of Islamic Banks Consultative Forum (IBCF).

The 21st general meeting of the IBCF, held recently in Dhaka, also re-elected Masum Ahmed Chowdhury, chairman of Oriental Bank, as the Forum's vice chairman, says a press release.

Vietnam to talk with EU to solve shoe dispute

AFP, Hanoi

Vietnam is ready to talk with the European Union to find a solution to the shoe dumping dispute, a trade official said Saturday in state media.

"Vietnam is ready to engage (with) the EC to find a solution acceptable to both sides in this lawsuit," Dinh Thi My Loan, director of the trade ministry's department of competition control, was quoted as saying in the official Vietnam News Agency.

EU trade chief Peter Mandelson announced Thursday a plan to impose an anti-dumping duty on imported Chinese and Vietnamese shoes, saying the two nations were engaging in "uncompetitive behavior".

US delegation to issue fresh warning to China on trade

AFP, Washington

A US trade delegation travelling to China next week will issue a fresh warning to Beijing to step up efforts to crack down on piracy and counterfeiting, an official said Friday.

James Mendenhall, general counsel for the US Trade Representative's office (USTR), said the delegation he is heading will urge China to make further progress on intellectual property enforcement and will address another issue involving auto parts for the Chinese market.

Mendenhall told reporters that formal complaints to the World Trade Organization are possible on both issues, although such action is not imminent.

The official said Washington is frustrated because China has failed to even respond to a US request for

updated information on enforcement of intellectual property (IP) violations, such as pirated CDs, software and other items.

"We have pressed the Chinese hard on the IP front using a variety of tools... We have not seen the progress we would like to see," he said. "And we are running out of options."

He said the use of a formal WTO complaint "is on the table, (but) we're not at the retaliation stage yet."

Mendenhall said both sides agreed to meet "to see what information they can pull together in a reasonably quick time frame" on counterfeiting and piracy.

On the issue of auto parts, Mendenhall said US officials object to what appears to be domestic content requirements for autos made in China, with tariffs applied to certain imported parts.

This system "is inconsistent with WTO rules," Mendenhall said.

"We will continue to impress upon (Chinese officials) the urgency we would like to see in this matter," he said. "If there is no progress, we will be looking at more formal action."

As part of his visit, Mendenhall is to speak at the US Chamber of Commerce in Beijing on Friday.

Washington is facing growing complaints over the bulging US trade deficit with China, which hit 201.6 billion dollars for 2005, up 24.5 percent for the year.

Some critics and lawmakers argue that China benefits from an artificially low currency and various subsidies, offers few trade opportunities for US firms and does little to crack down on piracy of US patents and copyrights.

Asian Aerospace clinches record \$15b in deals

AFP, Singapore

Asian Aerospace, the world's third largest air show, clinched a record 15.2 billion dollars in deals this week following a spate of aircraft orders geared to meet booming travel demand.

The order book included purchases of planes, helicopters, aircraft engines, simulators as well as avionics packages and contracts for maintenance, repair and overhaul, organisers said in a statement issued late Friday.

It was more than four times the 3.52 billion dollars worth of contracts signed during the 2004 Asian Aerospace show.

"We are delighted at the levels of business announced at Asian Aerospace and the total of 15.2 billion dollars is way beyond our optimistic expectations," said Asian Aerospace 2006 president Ed Ng.

It was a roaring send-off for the biennial Asian Aerospace event, which was held in Singapore for the last time this year.

Britain-based Reed Exhibitions, the event organisers, said Asian Aerospace will move to Hong Kong

in 2007 following a disagreement with the Singapore government on the terms for developing a new site for the show.

Singapore will hold its own air show from 2008.

Indian carriers, seeking to satisfy soaring travel demand at home, stamped their class at the event -- held near Changi Airport -- with the most aircraft orders.

Indian Airlines placed an order for a total of 43 A320 and A319 planes from European giant Airbus worth 2.5 billion dollars, while another Indian carrier GO ordered 10 Airbus A320 family aircraft, estimated by AFP at 640 million dollars based on catalogue price.

Indian low-fare airline SpiceJet went for Boeing, ordering 10 B737 planes worth a total of 700 million dollars.

The Indian orders underscored the huge potential of the country, where analysts say as many people currently travel by train in one day as fly during an entire year.

International Air Transport Association director-general Giovanni Bisignani put the number of Indian air travellers at just 40 million or four percent of the popu-

lation.

He said that if this rose to 25 percent, the Indian market would see 250 million air travellers.

At the show, US conglomerate Honeywell announced a deal worth up to 4.0 billion dollars to provide auxiliary power units for Airbus, the European aerospace giant duelling with US rival Boeing for regional and global dominance of the industry.

Honeywell's HGT1500 auxiliary power unit would be used in the new long-range widebody A350 aircraft, which is scheduled for launch in 2010 to compete with US manufacturer Boeing's 787 Dreamliner.

The 4.0 billion dollar value is estimated over the life of the programme.

Korean Aerospace Industries also announced it had signed a one billion dollar contract with Airbus to jointly develop parts for the A350 commercial jet.

Under a memorandum of understanding, Airbus selected the Korean firm as a "risk sharing partner" in its A350 program. The deal covers wing and fuselage components.

WTO NEGOTIATIONS Lamy urges leading states to get to work

AFP, Paris

Stalled WTO talks on trade liberalisation require movement from Europe, the United States and emerging countries in order to move forward, the director general of the WTO, Pascal Lamy, said in an interview published in a French newspaper on Friday.

Lamy highlighted the major sticking points that needed to be addressed if the 149 members of the World Trade Organisation were to conclude the Doha round of talks before the end of the year, as planned.

Speaking to Le Monde newspaper, Lamy said: "Europe must make progress on its agricultural

tariffs, the United States on the reduction of its domestic subsidies to farmers, and the G20 (group of emerging nations) on the customs rights for industrial goods and services."

When asked about the position of France, which has opposed any further compromises on agriculture by the European Union, Lamy called it "excessively defensive".

He added: "The European offer is certainly to be improved."

The goal is to finish the Doha Round of talks, aimed at increasing world trade to the benefit of developing nations, by the end of the year -- two years after the original deadline set at a conference in the Qatari capital in 2001.