

# Star BUSINESS

E-mail: [business@thedailystar.net](mailto:business@thedailystar.net)

## Citigroup senior official in Dhaka

Gary L. Clinton, managing director and head of Relationship Management, Citigroup Asia Pacific Global Transaction Services, arrived in Dhaka yesterday on a three-day visit, says a press release.

Clinton is responsible for Citigroup's relationships with non-Asian based multinational corporations and financial institutions in the region and based in Hong Kong.

During the visit he will meet Citigroup's clients and review Citibank NA Bangladesh's business with the global corporates.

A 38-year veteran of Citigroup, Clinton assumed his current role in December 1999. Prior to that he was based in Seoul, Korea and responsible for Citigroup's business with the large, global Korean multinational business groups (chaebol) along with subsidiaries of non-Asian based multinationals.

## Hyundai Motor Q3 profit plummets 47pc

ANN/ THE KOREA HERALD

Hyundai Motor Co. said yesterday its third-quarter net profit tumbled 47.1 percent to 282.8 billion won as production dwindled during the recent strike while the Korean currency strengthened.

Hyundai's affiliate Kia Motors Corp. fell into the red for the first time since 1998 with a net loss of 43.9 billion won in the three months to September for similar reasons.

The Korean won climbed 7.2 percent in the third quarter, making Hyundai-Kia cars more expensive abroad while Japanese rivals such as Toyota Motors Corp. benefited from the yen's decline.

"Due to slow production, Hyundai-Kia were burdened more by fixed expenses such as research & development, taxes and depreciation costs," said Hanwha Securities Co. analyst Ahn Soo-woong. "The carmakers also paid their workers more incentives than expected after the strikes ended."

Month-long strikes in the summer delayed Hyundai's delivery of cars and slumped sales by 4.3 percent from a year ago to 5.89 trillion won in the third quarter. The operating profit to sales ratio shed 1.2 percentage points year-on-year to 3.1 percent on increased costs.

## 561 defaulters owe Tk2,421cr to PCBs

REJAUL KARIM BYRON

The amount of loans defaulted by 561 loanees, who are among the listed top 20 defaulters of as many as 30 private commercial banks (PCBs), now stands at Tk 2,421 crore, which accounts for 56 percent of the PCBs' total classified loans.

Up to June 2006, the banks' loans that remained outstanding reached Tk 71,647 crore, of which Tk 4,285 crore are classified loans.

Although the PCBs have so far sued 244 loan defaulters for realising Tk 1272 crore from them, almost all of the cases remained pending in courts for long due mainly to slow procedures.

Sources said the top defaulters account for 70 percent to 90 percent of the PCBs' total classified loans.

APCB managing director said as the process of loan recovery through filing cases is a lengthy one, they are now unwilling to sue the defaulters, preferring recovery of the bad loans through negotiation with the defaulters.

He also alleged that some of the loan defaulters often escape the

touch of the existing law for realising bank loans as they are considered to be influential in the society.

The top 20 defaulters of Pubali Bank are indebted for Tk 152 crore, which is 37 percent of the bank's total bad loans. Besides, Uttara Bank is yet to realise Tk 186 crore, 51 percent of the bank's total classified loans, from these top defaulters, AB Bank's bad debt reaches Tk 44 crore or 25 percent, National Bank's Tk 107 crore or 59 percent, The City Bank's Tk 141 crore or 85 percent, Islami Bank's Tk 194 crore or 47 percent, IFIC Bank's Tk 168 crore or 71 percent, UCBL's Tk 52 crore or 50 percent, Oriental Bank's Tk 450 crore or 52 percent, and Eastern Bank's Tk 75 crore or 75 percent.

The amount of loans defaulted by top 20 loanees of NCC Bank stood at Tk 62 crore or 51 percent of the bank's total classified loans while in the case of Prime Bank the amount is Tk 15 crore or 60 percent, Southeast Bank's bad debt stands at Tk 131 crore or 79 percent, Dhaka Bank's Tk 38 crore or 89 percent, Al Arafah Bank's Tk 35

crore or 54 percent, Social Investment Bank's Tk 63 crore or 55 percent, Dutch Bangla Bank's Tk 38 crore or 99 percent, Mercantile Bank's Tk 77 crore or 74 percent, Standard Bank's Tk 5 crore or 45 percent, and One Bank's Tk 16 crore or 90 percent.

The top 20 listed defaulters of Exim Bank are indebted for Tk 53 crore to the bank, which is 96 percent of the banks' total classified loans. Besides, the top 20 listed defaulters of Bangladesh Commerce Bank are indebted for Tk 47 crore or 36 percent of the bank's total bad loans, Mutual Trust Bank's bad debt is Tk 1.48 crore or 93 percent, First Security Bank's Tk 103 crore or 72 percent, Premier Bank's Tk 70 crore or 74 percent, Bank Asia's Tk 56 crore or 94 percent, The Trust Bank's Tk 6 crore or 54 percent, Shahjalal Islami Bank's Tk 1.68 crore or 99 percent, Jamuna Bank's Tk 30 crore or 94 percent and BRAC Bank's Tk 5 crore or 11 percent.



PHOTO: STANCHART

Tarek Reaz, head of Mortgage & Auto of Standard Chartered Bank, and Amzad Hossain, executive director of Assurance Developments Ltd, a real estate company, exchange documents after signing an agreement recently in Dhaka. Under the deal, the bank will provide privileged services for the clients of the real estate company and both the organisations will run joint promotional campaigns for their customers.

## China's trade surplus may hit \$150b this year

AFP, Shanghai

China will likely see its trade surplus hit another record of 150 billion dollars this year, a ranking economic official said Monday.

The surplus will help push forex reserves beyond one trillion dollars before the end of 2006, said Yao Jingyuan, chief economist at the

National Bureau of Statistics. "In my view, which is also what most people would think, the trade surplus will reach 150 billion dollars this year... and forex reserves one trillion dollars," Yao told an automotive forum in Shanghai.

If Yao's prediction turns out to be correct, the 2006 surplus will be an increase of nearly 50 percent over

last year's 102 billion dollar surplus, itself a record.

China's trade surplus reached 110 billion dollars in the first nine months of the year, according to previously published statistics.

Yao also said economic growth this year would "definitely" exceed 10 percent, but added concerns about overheating have diminished.

## Oil prices inch up

AP, Singapore

Oil prices inched up Monday in the wake of a terror alert in the petroleum-rich Gulf region last week and as traders watched for signs that Opec nations were following through on announced production cuts.

Light, sweet crude for December rose 7 cents to \$60.82 a barrel in Asian electronic trading on the New York Mercantile Exchange.

Prices rose Friday after a British navy official said that a threat from al-Qaida last month to target Gulf oil terminals had resulted in stepped-up security and vigilance at Saudi Arabia's Ras Tanura terminal, as well as a refinery in Bahrain.

"There has been no disruption in oil flows" from the region related to the report, said Victor Shum, an energy analyst at Purvin & Getz in Singapore. "It reminds the market that geopolitics haven't completely disappeared from the scene."

## Nokia wins \$43m network deal in China

REUTERS, Helsinki

Nokia said on Monday it had won a network expansion contract from China Mobile Group ZheJiang worth about \$43 million.

Nokia said it would supply its radio and core network, to boost GSM coverage in both urban and rural areas of the Zhejiang province, as well as other network software and technology.

## Emirates cancels Airbus order

AP, Dubai

Dubai's Emirates Airline said it is canceling an order for 10 large jetliners from Airbus and will use Boeing models instead, according to a published report Sunday.

Speaking to reporters at London's Heathrow Airport, Emirates President Tim Clark said his airline won't take the Airbus A340-600 jetliners it had ordered and is sending auditors to assess the European plane maker's progress on building its A380 superjumbo, The Wall Street Journal reported on its Web site.

Emirates will instead order 777 models from Boeing Co., Emirates Executive Vice Chairman Maurice Flanagan said, the Journal reported.

The switch which follows Clark's complaints last year about the high operating cost of the A340 family of planes shows how Boeing is benefiting from troubles at Airbus, a unit of Franco-German European Aeronautic Defence & Space Co., the paper said.

The Emirates order for 10 A340-600 jetliners had a catalog value of \$2.25 billion, according to the newspaper.

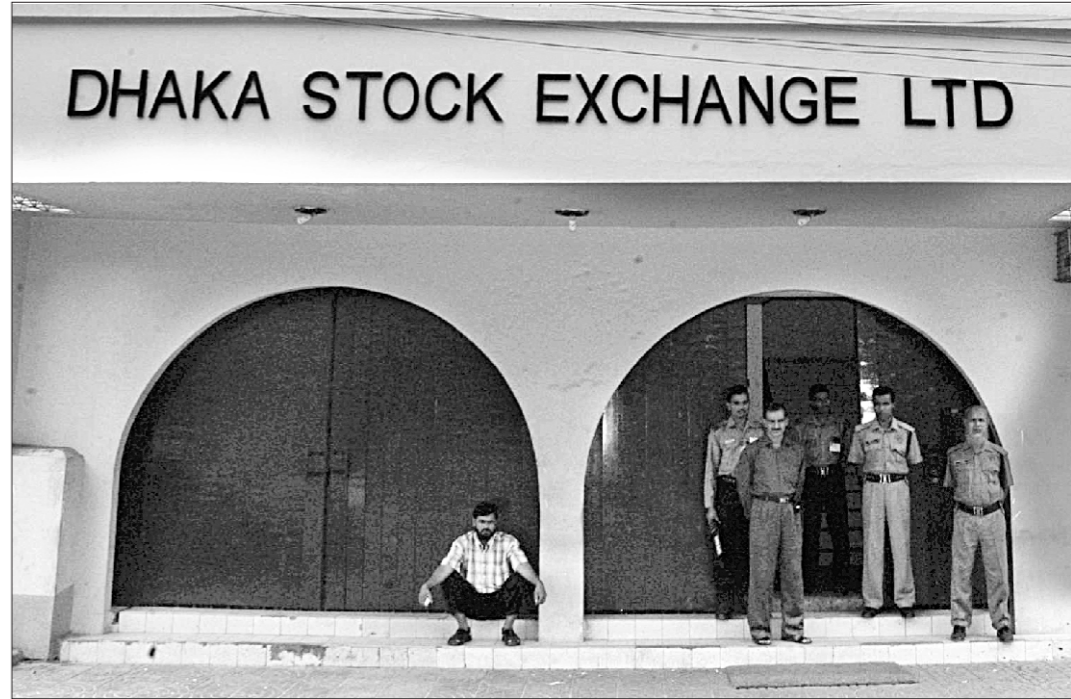


PHOTO: STAR

Country's premier bourse Dhaka Stock Exchange remains closed yesterday due to the countrywide siege programme enforced by 14-party combine.

## Grameen Bank liaison office in Mumbai soon

STAR BUSINESS REPORT

Grameen Bank (GB) has completed all necessary formalities to open a liaison office in Mumbai.

The bank already received approvals from the Indian finance ministry and the Reserve Bank of India, a report published in India's Financial Express said.

The bank is intended to pursue its micro-credit programmes through its Mumbai office.

Some of its functions will include assisting those adopting the GB model in India, preparing project proposals, meeting training requirements and creating awareness to make micro-credit at the ground level more effective.

The GB proposed to start its office from January next year. It is currently looking for office space in Mumbai suburbs. The office will also guide micro-finance institutions

(MFIs) in preparing plans to further widen and deepen its operations and in designing roadmaps for new micro-credit programmes.

The GB has existing credit delivery models in Myanmar, Kosovo, Turkey and Zambia, which are on a build-operate-transfer (BOT) basis.

The credit delivery and recovery mechanism adopted by the bank laid exclusive emphasis on the poorest of the poor, especially women, with borrowers organised into small groups, without collateral requirements and banking services provided at their doorstep.

The bank proposes to implement its BOT model in India, too. Using this model, the bank will deploy its expertise for a fixed time until members of the local staff, recruited for the purpose, acquire necessary skills. Once they are trained, the GB will exit the project.

## Reliance to open first stores of 'Indian Wal-Mart'

AFP, Hyderabad

Major company Reliance Industries said Sunday it would open a series of stores here this week with the aim of building an Indian version of Wal-Mart, the world's largest retail chain.

The 11 "neighbourhood" stores, to be called Reliance Fresh, will sell groceries and other goods from Friday as a pilot project to "understand customer needs," Reliance said.

"We are starting a pilot journey of listening to customers and learning from them," said Mukesh Ambani, chairman of Reliance Industries whose main business is petroleum refining.

Ambani has said he wants to make the company's new stores arm, Reliance Retail, a "Wal-Mart in India" and has set an annual sales target of 25 billion dollars by 2011.

## Dollar weak against rival currencies

AFP, London

The dollar had mixed fortunes on Monday against the euro and the yen, but remained vulnerable after heavy losses last week linked to weaker-than-expected third quarter US growth data, dealers said.

The European single currency slipped to 1.2722 dollars in European trading, from 1.2738 dollars in New York late Friday.

The dollar eased to 117.51 yen from 117.57 yen late on Friday.

Gold prices rebounded above 600 dollars per ounce.

"The dollar continued to trade weakly" on Monday, after losses made before the weekend, said currency analysts at Dutch banking giant ABN Amro.

The US currency had fallen Friday to near one-month lows against the euro on news that the US economy grew at its slowest pace in more than three years in the third quarter.

The US Commerce Department estimated that the American economy expanded at a 1.6 percent annual rate between July and September, down from 2.6 percent in the prior three months and the heady 5.6 percent recorded in the

first quarter.

Economists had been expecting third-quarter growth to decelerate to 2.1 percent. It was the slowest growth in US gross domestic product (GDP) since the first quarter of 2003, when growth was 1.2 percent.

"The main focus for currency markets remains tied to the upcoming round of US data," ABN analysts added.

The coming week witnesses US data releases on employment, personal spending, construction spending, consumer confidence and auto sales.

Further ahead, market participants will focus Friday on publication of the monthly labour market report in the United States.

Market forecasts are for non-farm payroll jobs to rise by 125,000 in October, compared with lacklustre hiring of 51,000 in September.

Meanwhile, traders were awaiting the Bank of Japan's policy board meeting on Tuesday, when the central bank will also release its economic outlook report. Japanese borrowing costs stand at 0.25 percent.