

## International Business News

## India kicks off billion-dollar 3G auction

AFP, New Delhi

India's mobile phone firms began bidding Friday to provide superfast third-generation (3G) services in the booming cellular market -- a sale expected to reap the government billions of dollars.

The auction of 3G spectrum will propel India firmly into the Internet era where rolling out headline broadband networks has been costly and will heat up the battle for customers in the world's fastest-growing mobile market.

Leading Indian operators Bharti Airtel, Reliance and foreign-backed Vodafone Essar and Tata DoCoMo are among the companies bidding in the 3G auction, the largest such sale globally in recent years.

"The auction has started and it is going smoothly," a telecom ministry official, who declined to be identified, told AFP.

The government has budgeted to bring in at least 350 billion rupees or eight billion dollars from the sell-off of 3G airwaves and a follow-on auction of broadband wireless access spectrum that could take days or even weeks.

"The major operators will bid aggressively. It will be very important for them to win 3G slots to retain their high-end subscribers," Kumar Bajaj, analyst at consultancy BDA Connect, told AFP.

## China says trade deficit proves yuan not to blame

AFP, Beijing

China said Saturday its first trade deficit in six years proved the nation's exchange rate did not play a decisive role in global economic imbalances amid pressure to allow the yuan to appreciate.

International critics say Beijing has kept the currency artificially low to boost exports, resulting in massive trade surpluses with the United States and Europe. The issue has become a major sore point in Sino-US relations.

But China has defended its exchange rate policy as necessary for the survival of Chinese manufacturers and to support jobs growth.

Customs authorities announced on Saturday that the nation had posted its first trade deficit in six years in March, at 7.2 billion dollars.

Exports rose 24.3 percent to 112.1 billion dollars from the same month a year earlier, while imports soared 66 percent year-on-year to 119.3 billion dollars, they said.

Commerce minister Chen Deming had warned last month that the deficit was likely, but said it would only be a short-lived phenomenon for the nation's export-dependent economy.



Indian Bollywood actor Raveena Tandon poses at the launch of a branch of "Hamleys" toy store, which celebrated its 250th birthday in Mumbai on Friday.

## India's Reliance buys \$1.7b stake in US gas field

AFP, Mumbai

India's energy giant Reliance Industries said Friday it had signed a joint venture with Atlas Energy for a 1.7 billion dollar stake in a US-based natural gas field.

India's largest private firm has now gained an overseas foothold through the Marcellus Shale deal, in what it calls one of "the most exciting" upstream markets of the world.

As part of the deal Reliance will pay 339 million dollars in cash and a further 1.36 billion dollars to fund part of Atlas's drilling expenses and develop the project, the companies said.

The gas project spreads across parts of Pennsylvania, West Virginia and New York in the United States.

Reliance will acquire 40 percent -- or 120,000 acres -- of the total 300,000 acres in Atlas's core Marcellus position.

Pennsylvania-based Atlas will be the development operator of the JV, with a 60 percent stake.

"This is significant value creation for Reliance," said Alok Agarwal, chief financial officer of Reliance Industries in a short press briefing late Friday.

## Obama showcases advantages of stimulus tax benefits

AFP, Washington

US President Barack Obama on Saturday stressed the importance of tax benefits offered by his 787-billion-dollar economic stimulus plan that was enacted last year in the hope of boosting the US economy.

Administration officials say one-third of the stimulus package, known as the Recovery Act, is made up of tax cuts that have already provided more than 160 billion dollars in relief for families and businesses.

"It's been a tough couple years for America," Obama said in his weekly radio address. "But the economy is growing again. Companies are beginning to hire again. We are rewarding work and helping more of our people reach for the American Dream again."

## INTERVIEW

## Citi plans retail banking

## Top Asia-Pacific official talks to The Daily Star

SAJJADUR RAHMAN

Citibank NA plans to go for limited-scale retail banking in Bangladesh this year, says a senior official of the global banking giant.

Initially, the bank will target big corporations and their executives and employees for the new segment of its business.

Shirish Apte, chief executive officer of Citibank's Asia Pacific region, told The Daily Star on Thursday that the new service will be available in Bangladesh in the next five to seven months.

"Yes, we want to do something on the retail side. But we are reluctant to get into the business unless we can provide quality services," says Apte, an Indian national working with Citi for over 28 years. He came to Bangladesh on an official visit.

"If you put a substandard product, it may damage the brand and that has very serious implications," he says. "Rather we'll take few more extra months."

Apte, who is a chartered accountant from the Institute of Chartered Accountants in England and has an MBA from London Business School, is responsible for the company's business lines in Australia, Bangladesh, Guam, India, New Zealand, Southeast Asia and Sri Lanka.

In Bangladesh, opportunities in the banks' retail segment are set to witness a quick growth due to high consumption. The higher growth of retail lending in the emerging economies, such as Bangladesh, is attributable to a faster growth of personal wealth, favourable demographic profile, a rapid development in information technology, conducive macro-economic environment and financial market reforms.

Most of the 30 local and nine foreign private commercial banks operating here are relying much on retail business to tap the growing market potential.

Apte outlines the bank's plan for retail banking in Bangladesh. Initially Citi will customise retail products for big corpora-



Shirish Apte

tions and its executives and employees, which he says is the best way to start. There are nearly 100 such corporations operating here, he adds.

"We won't go for broad retail or national retail," Apte says, reasoning out Citi's limitations.

Citi is a high-end premier bank that delivers high quality product for its clients. The official says the bank has done some landmark transactions with Grameen Bank, Brac, Syngenta who lead the local market.

The banker says retail banking is different from what Citi is doing right now.

He says retail segment requires a big network and technology supports.

"Our strategy should be based on our strength," says Apte. Citibank has just four branches in Bangladesh, not 50 or 70. Retail banks must have strong relationships with

customers to succeed in today's fiercely competitive banking environment, he says.

The banker also talked on global recession and its recovery trend, emerging markets, Bangladesh's economy and entrepreneurs, capital markets and the recently assigned country rating on Bangladesh by Standard and Poor's.

During his short visit to Bangladesh, the banker met some Citi clients and regulatory officials of the government. He is upbeat about Bangladesh's economy that is growing at over 5.5 percent.

This was the first-ever visit to Bangladesh by such a high-profile Citi official.

"If the country continues at this pace, it has a tremendous future."

Apte terms local entrepreneurs 'world-class' and 'knowledgeable'. "Also, they (entrepreneurs) have the right ideas."

On the country rating assigned last week on Bangladesh, the banker says the rating is a vote of confidence that the economy is running quite well. He said 'BB-' is a good rating.

"Once you have a country rating, the government can borrow from outside (with ease)," he says.

Recovery in recession is taking place, but slowly, according to the banker. He says confidence indicators in the US economy show medium and low trend.

Apte believes deleveraging of the US economy is required to create surplus on the value side and pay back debt.

On why the emerging economies such as India and China are recovering faster than the US and Europe, the banker explains those economies have huge domestic market base.

He says middleclass in India is between 200 to 300 million -- more than the total population of the US. Although the buying capacity of an Indian is different from that of one in the US, it creates a lot of internal demands, he says.

He also says emerging markets, except China, are less dependent upon US for growth, and are first to come out of recession eclipse.

Without India, China and Latin American countries, the recovery could be much worse, he adds.

About the capital market, Apte says the market reflects what drives the economy.

The economies like Bangladesh is bank-driven rather than driven by the capital market, says the banker on his experience about many markets, particularly in Asia. On the contrary, he says Europe is capital market-driven.

"Here banks have excess liquidity and they want to see their balance sheet grows," he says. A shift in the trend -- from banks to capital market -- is a natural process, he says.

sajjad@thedailystar.net

## ECONOMIC CRISIS

## Desperate Icelanders opt for exile

AFP, Mosfellsbaer, Iceland

Anna Margret Bjoernsdottir never thought she would be forced to leave her once wealthy homeland, but after 18 months of economic upheaval she has decided to join the biggest emigration wave from Iceland in more than a century.

"I just don't see any future here. There isn't going to be any future in this country for the next 20 years, everything is going backwards," lamented the 46-year-old single mother, who plans to move to Norway in June.

The former real estate agent who lost her job when Iceland's housing market disintegrated two years ago said she feared she could soon be forced out of her large house in Mosfellsbaer, some 15 kilometres (nine miles) from Reykjavik.

"I don't want to sell it," she said, vowing to "fight to keep" the comfortable wooden dwelling she, her daughter Olavia, their cat Isolde Tinna and their dog Candit the Bandit have called home since 2004.

Bjoernsdottir is not alone in planning to leave Iceland's economic mess behind and seek a new future abroad. Most people in Reykjavik have someone in their surroundings who has already packed their bags and left.

Emigration has rapidly picked up speed since the Atlantic island nation's economy crumbled in late 2008, dragged down by the collapse of its major banks. Last year it marked the largest exodus from the country since 1887.

In 2009, more than 10,600 people left the country of fewer than 320,000 inhabitants, according to official statistics, with 4,835 more people moving away than immigrating.

Foreign workers, mainly Poles, who since the beginning of the decade had been drawn to Iceland's financial miracle, were the first to leave.

But Icelanders like Bjoernsdottir have not been far behind, most heading to the country's still prosper-



Anna Margret Bjoernsdottir poses at home in Mosfellsbaer on the outskirts of Reykjavik. Unemployed and burdened with financial debt Bjoernsdottir has decided to leave Iceland with her daughter to Norway, joining the expanding flow of Icelandic emigration -- at its highest since the 19th century.

perous Nordic neighbours, especially Norway.

"I don't think I can offer a good future to my daughter Olavia" in Iceland, Bjoernsdottir said.

Like many other Icelanders who have seen their worlds collapse since the financial turmoil began, Bjoernsdottir's predicament stems from the decision, on advice from her banker, to take up a loan in foreign currency.

Repayments on her loan, in yen and Swiss francs, became insurmountable after the Icelandic krona nose-dived following the banking sector implosion.

"My loans are twice as high as they were," she said, shaking her head in disgust. "The payments keep going higher and higher, so I have to leave, I'm forced to!"

Bjoernsdottir lost her job in real estate at the end of 2008 as the crisis hammered Iceland's econ-

omy. Since then she has picked up temporary teaching work, but that position also disappeared last September.

Analysts expect Iceland's beleaguered economy to stabilise in 2010, but gross domestic product shrank 6.5 percent last year.

Other victims of Iceland's financial woes have ended up with one foot in and the other out of the country.

Svanbjorn Einarsson, a 44-year-old father of three, says he is trapped in the country due to an unsellable house that he does not want to abandon.

Instead, the engineer has chosen to work for six-week stretches in Norway's oil capital Stavanger on the western coast, with occasional one- or two-week breaks home with his family.

"It's very difficult. When I work I forget about it, but in the evening

it's very tough," he said.

Long-term, however, he acknowledged his future may be in Norway, not Iceland.

Like many of their countrymen forced into exile, both Bjoernsdottir and Einarsson blame Reykjavik for their country's plight.

"I'm so angry about this government," Bjoernsdottir said.

Iceland's first ever left-wing government came to power last year after the previous right-wing administration collapsed following a wave of protests blaming it for the state of the economy.

But the current government is now under fire over a deal to pay out massive compensation to Britain and the Netherlands for costs incurred following the fall of the online bank Icesave in October 2008.

Iceland has agreed to pay out 3.9 billion euros (5.3 billion dol-

lars) to compensate for money the two countries paid out to 340,000 of their citizens hit by the bank's collapse.

"I had great hopes when the left-wing government was elected, that they would do something against corruption and the abusive loans, but all they do is talk about Icesave," Einarsson said.

In a March 6 referendum, more than 93 percent of Icelandic voters rejected a deal to repay Britain and the Netherlands at a high interest rate. Reykjavik has since said it will try to secure a more favourable agreement.

Bjoernsdottir was among those who voted down the deal -- and says the debacle strengthened her determination to leave Iceland.

"I don't want my daughter to have to pay for this," she said. "I just have such a bad feeling about what's happening here."