

International Business News

IMF writes new page in history: reform

AFP, Washington

The International Monetary Fund has decided to double its capital and adopted other reforms that will give China and other emerging-market economies a greater say in the financial institution.

The IMF executive board agreed to sweeping changes Friday, ahead of next week's G20 summit in Seoul, expected to be heated amid currency and trade tensions largely centered on the United States and China.

Proposed by the Group of 20 advanced and emerging-market economies, the package of long-sought reforms aims to better reflect the growing importance of big emerging-market and developing economies in the global economy.

Speaking at the end of talks, IMF managing director Dominique Strauss-Kahn lauded the "historic" deal, which he said created "the biggest ever shift of influence in favor of emerging market and developing countries."



Sri Lankan visitors look at leather goods at an exhibition in Colombo yesterday. Sri Lanka is seeking to boost its leather exports as part of efforts to help small and medium scale manufacturers.

Microsoft's Ballmer sells 12pc stake in company

REUTERS, Seattle

Microsoft Corp Chief Executive Steve Ballmer sold \$1.3 billion worth of shares in the company, cutting his stake by about 12 percent, but said his first stock sale in seven years should not be taken as a lack of confidence in the world's largest software firm.

Ballmer said he will sell more shares by the end of the year, in a move to diversify his investments and plan for taxes, but the company sought to allay talk that the 54-year old executive, who has been CEO since 2000, may be preparing an exit from the company.

"Even though this is a personal financial matter, I want to be clear about this to avoid any confusion," Ballmer said in a statement on the company's Website. "I am excited about our new products and the potential for our technology to change people's lives, and I remain fully committed to Microsoft and its success."

Google bars data from Facebook as rivalry heats up

REUTERS, San Francisco

Google Inc will begin blocking Facebook and other Web services from accessing its users' information, highlighting an intensifying rivalry between the two Internet giants.

Google will no longer let other services automatically import its users' email contact data for their own purposes, unless the information flows both ways. It accused Facebook in particular of siphoning up Google contact data, without allowing for the automatic import and export of Facebook users' information.

Facebook, with more than 500 million users, relies on email services such as Google's Gmail to help new users find friends already on the network. When a person joins, they are asked to import their Gmail contact list into the social network service. Facebook then tells the user which email contacts are also on the social network.

Dell has not ruled out going private: CFO

AFP, New York

US computer giant Dell has not ruled out going private as it weighs its options for the future, chief financial officer Brian Gladden said in an interview published Friday.

"We spend a whole lot of time thinking about this," Gladden told CNNMoney.com.

"There are many options for us, and we have lots of cash on hand," he said. "We talk about everything from keeping everything the same, to doing a bigger and broader buyback while still keeping the company public, all the way to doing a leveraged buyout and taking the company private with (chief executive Michael Dell) as the primary shareholder."

Michael Dell, who founded the Texas-based company more than 25 years ago, first raised the possibility of going private at a conference of financial analysts in June.

INTERVIEW

Barriers to growth

StanChart official talks of the potential of structured products

JASIM UDDIN KHAN

Standard Chartered Bank (SCB) Bangladesh is facing regulatory barriers to introduce structured financial products and expand its operations in the country.

The bank has approached for the regulatory go-ahead to launch the products such as bonds, stocks and derivatives, but is yet to see the green light.

Jungkiu Choi, head of Standard Chartered Global Consumer Banking Strategy, recently shared with The Daily Star the demand for such structured products among the Bangladeshi clients.

The official, who visited Bangladesh last week to review the bank's achievements under a new strategy, says: "Considering the growth rate of Bangladesh's gross domestic product (GDP) and the growing middleclass, this is the right time to think about the customers' options in financial product varieties."

The economy is at a take-off point now, and the well-off customers are looking for diversified products, he says.

Choi says the structured product, also known as a market-linked product, is generally a pre-packaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances and/or foreign currencies.

The structured products tend to involve periodical interest payments and redemption at maturity.

The banker, who earlier worked for McKinsey and Company as a consultant, said the richer consumers have a very limited option to invest. "An investor may want to buy gold in liquidity form. When the gold price goes up, the customer can benefit from the rise in prices, but when the price goes down, his investment will remain secured without facing any loss."

The SCB is operating such structured products in Hong Kong, Singapore and South Korea, which are not allowed in Bangladesh.

"We need to protect our customers first, but prior to that we need to provide diversi-



Jungkiu Choi

fied investment alternatives to them," Choi says.

Now the bank has a limited number of branches and kiosks across the country, he says. It wants to open more branches and has already fulfilled the quota.

"We want to open more branches, but we can't. If you allow more branches for the foreign banks, there will be a healthy competition in the market and the real beneficiary will be the local customers," says Choi, a Korea-born banker who studied in the US.

But he does not believe in a price war. He says a banking service cannot survive only with the price option.

"We can't depend only on a price war

among the competitors. We believe in solutions and innovations in services and products. The real competence of a bank is what service and solution it is providing. It's all about innovation. One can replicate anyone to launch a price war but a innovative solution can't be brought in overnight."

About customer service, Choi says the SCB's main focus is on customer service, not the market share. "We want to ensure that our customers are satisfied enough to encourage their friends and colleagues to come to the bank," he says.

Choi says the bank's customer service is measured by net promoter score, not by market share. "We define our customer

service in three ways: providing fast, easy and accurate service; looking after the problems and providing the solution; and recognising the entire relationship rather than individual transaction."

He says the bank is good in cross border transaction.

"Bangladesh's garment sector is emerging and needs efficient cross border solution. We can provide global cross border solution for those who want to grow fast."

He says the textile sector has deepened its relationship with the bank, as the SCB is doing cotton hedging for the sector.

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Obama rejects view of India as 'land of call centres'

REUTERS, Mumbai

President Barack Obama hailed India on Saturday as a vital source of US growth and jobs as his administration announced relaxation of U.S. export controls to spur trade between the two countries.

"As we look to India today, the United States sees an opportunity to sell our exports in one of the fastest growing markets in the world. For America this is a jobs strategy," Obama said as he kicked off a 10-day tour of Asia.

Obama's Democrats lost control on the US House of Representatives in congressional elections on Tuesday as voters punished the party for high US unemployment after a campaign marked by criticism of China and outsourcing hubs like India.

Acknowledging that anger, Obama said India was still seen by many Americans as "a land of call centres and back offices that cost American jobs", but he rejected that view.

"It is a dynamic, two-way relationship that has created jobs and growth and higher living standards in both our countries and



US President Barack Obama speaks at the US-India Business Council and Entrepreneurship Summit at the Trident Hotel in Mumbai yesterday.

that is the truth," he told business leaders.

Obama announced \$10 billion in trade deals with India to create 50,000 US jobs. "Today's deals will lead to more than 50,000 jobs in the United States," he said.

Deals include previously announced transactions involving General Electric for aircraft engines and gas turbines, and Boeing for 737 passenger planes. But details on a key \$4.5 billion sale by Boeing of C-17 military transport planes were still being ironed out.

White House aide Michael Froman told reporters Obama would ease export controls imposed after India's 1998 nuclear tests, and support Indian membership of four key global nonproliferation regimes.

"This really includes India as a major player in a non-proliferation world... and it recognises the nature of the strategic relationship we now have with India," Froman said.

The four regimes are the Nuclear Suppliers Group, the Missile Technology Control Regime, the Australian Group, which aims to reduce the spread of chemical and bio-

logical weapons, and the Wassenaar Arrangement, a multinational effort to control the transfer of conventional arms and dual-use technology.

Obama will remove almost all of the remaining Indian defence and space organisations from a list of entities maintained by the US government to curb proliferation, and relax so called dual-use rules for Indian firms that regulate technology with both civil and defence applications.

"We will end up treating India similar to other close allies and partners other than as a country of concern," Froman said.

Terry McGraw, head of McGraw-Hill Companies and chairman of the US-India Business Council, said Obama's visit came at a vital time amid rising anti-trade rhetoric spurred by high unemployment at home and elsewhere.

"When you've gone through an economic downturn to the extent that we have, a lot of countries very easily go protectionist and we've seen a lot of protectionism around the world. You can't win in a protectionist kind of view," he said.

Consumers will dodge high commodity prices: Bernanke

AFP, Jacksonville, Florida

Federal Reserve Chairman Ben Bernanke acknowledged Friday that emerging market growth had fuelled commodity prices rises, but said most of the increases would not be passed on to US consumers.

Speaking at Jacksonville University, the Fed boss said that recent price rises in "soft" commodities -- such as cotton and sugar -- had bucked a trend of worryingly low price growth.

Speaking just days after the Fed's top policy body agreed to spend 600 billion dollars in a bid to spark economic growth, Bernanke admitted that the cost of some everyday items had increased.

Making an exception for energy costs, Bernanke said he did not expect prices to be passed on to consumers.

But, he added, "our research and our experience though suggest that, broadly speaking, when you have a situation like we have today, where there's a lot of slack in the economy, lot of excess supply, that is very very difficult for producers to push through those costs to the final consumer."

High commodity prices can sometimes mean an increase in the cost of everything from jeans to televisions, as manufacturers pass higher costs on to the public.

Many commodities from raw sugar to gold have hit highs not seen in decades.

Answering questions from a group of university students, Bernanke said much of the price growth was due to fast-growing emerging markets like China.

Road Show for the Eligible Institutional Investors (EII)

CEO/CFO/Financial Analysts of Banks, Non-Banking Financial Institutions, Insurance Companies, Merchant Banks, Stock Dealers and other Registered Institutional Investors are invited to participate in the Road Show for Price Discovery for Initial Public Offering of **KYCR Coil Industries Limited** under Book-Building Procedure.

Venue : Ballroom, Dhaka Sheraton Hotel
 Date : 24 November 2010
 Time : 06:30 pm

Manager to the Issue

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