

International Business News

South Africa's tribal-owned miner has stock debut

AFP, Johannesburg

A South African platinum miner owned by a tribal community listed on the Johannesburg Stock Exchange (JSE) on Monday, aiming to increase output to a million ounces in 15 years, officials said.

Royal Bafokeng Platinum started trade on the JSE after raising 2.98 billion rand (440 million dollars, 313 million euros) in an initial public offering for its entire issued share capital.

"In the next seven years we will produce 615,000 ounces of platinum group metals. After that we will gradually grow to one million ounces. We have 73 million ounces of resources so it is not impossible," said chief executive Steve Phiri in a statement.

The Royal Bafokeng mines are located outside the northwest town of Rustenburg, some 150 kilometres (90 miles) from Johannesburg, in a tribal land owned by the Bafokeng people.

Thriving wealth created by mining the precious metal has earned the tribe of approximately 300,000 people the title of "Africa's richest tribe".

The Bafokeng land was taken over by white colonisers in the 1800s. The tribe had to buy it back with the help of white missionaries, as black people were not allowed by law to own land.



AFP

Toshiyuki Shiga, chief operating officer of Japan's automaker Nissan Motor, introduces its all-new minivan 'Serena' during a press conference at the headquarters in Yokohama, suburban Tokyo, yesterday. Nissan will put the minivan, equipped with its new idling stop system to enable best-in-class fuel economy of 15.4km per litre, on the domestic market on November 29.

StanChart announces successful shares sale

AFP, London

Standard Chartered, the bank focused on emerging markets, said on Monday that investors snapped up 98.5 percent of its new shares, helping it raise about 3.3 billion pounds to meet new global banking rules.

Standard last month said it planned to raise the amount, equivalent to 3.8 billion euros or 5.3 billion dollars, to help meet Basel III, which stipulates that banks must hold capital equal to at least seven percent of their assets.

Standard Chartered said in a statement on Monday that it had received valid acceptances "representing approximately 98.5 percent of new ordinary shares offered".

The British bank had offered a new share for eight existing ones at a heavily discounted price of 1,280 pence per share.

Shell to sell Woodside stake for \$3.3b

AFP, London

Royal Dutch Shell said on Monday that it had agreed to sell nearly a third of its stake in Australia's Woodside Petroleum for 3.3 billion US dollars (2.4 billion euros).

"Royal Dutch Shell announces an agreement to sell part of its stake in Woodside Petroleum Limited to equity investors," the Anglo-Dutch group said in a statement.

Shell is selling 78.34 million shares in Australia's second-biggest oil and gas producer, priced at 42.23 Australian dollars (42.7 US dollars) a share.

The sale forms part of Shell's strategy to raise seven billion to eight billion US dollars in 2010 and 2011 by selling non-core activities.

Royal Dutch Shell chief executive Peter Voser said that downsizing the group's stake in Woodside made sense as the group would "increasingly focus" investment in Australia through direct interests in assets and joint ventures.

"We will manage our remaining position in Woodside over time in the context of our global portfolio," he added.

Shell also said on Monday that it planned to be "a leading investor" in liquefied natural gas (LNG) projects across Australia "for years to come".

Japan's Skymark to buy up to six Airbus A380s

AFP, Tokyo

Japan's low-fare Skymark Airlines said Monday it would buy four Airbus A380 superjumbos, with an option to buy two more, as it plans to launch international routes in a deal worth 2.8 billion dollars.

The deal gives the European firm a foothold in a market where US rival Boeing has long had a near-monopoly and is welcome news as it comes under pressure after Qantas grounded its A380 fleet following an engine blow-out last week.

"Skymark Airlines signed a basic agreement with Airbus on the introduction of Airbus A380," Skymark Airlines said in a statement, announcing its order for the world's largest passenger aircraft.

"The company plans to sign the contract on purchasing six aircraft, including an option on two aircraft, in the spring of next year."

The deal is a rare win in Japan for the European aircraft maker over US rival Boeing, which has a 95 percent market share there and dominates the fleets of Japan Airlines (JAL) and All Nippon Airways (ANA).

BANKING

UCB moves past red ink

SAJJADUR RAHMAN

Ashiqur Rahman, a small investor, bought shares of United Commercial Bank (UCB) Ltd in late July at Tk 2,700 a share amid fears that he would be in a fix if the bank were caught in a riptide again.

After receiving three years' dividend -- an aggregate of 143 percent in bonus shares -- the price of each share stood at Tk 1,110. He sold the stocks at Tk 1,800 each; meaning, he made close to Tk 700 in profit on each share. An investment of Tk 270,000 gave him nearly Tk 150,000 in profits in just three months.

The once troubled bank, which could not pay shareholders' dividends for eight years in a row and the directors held each other accountable, is now registering a rapid rising trend for all the indicators, from deposits to loans and profits.

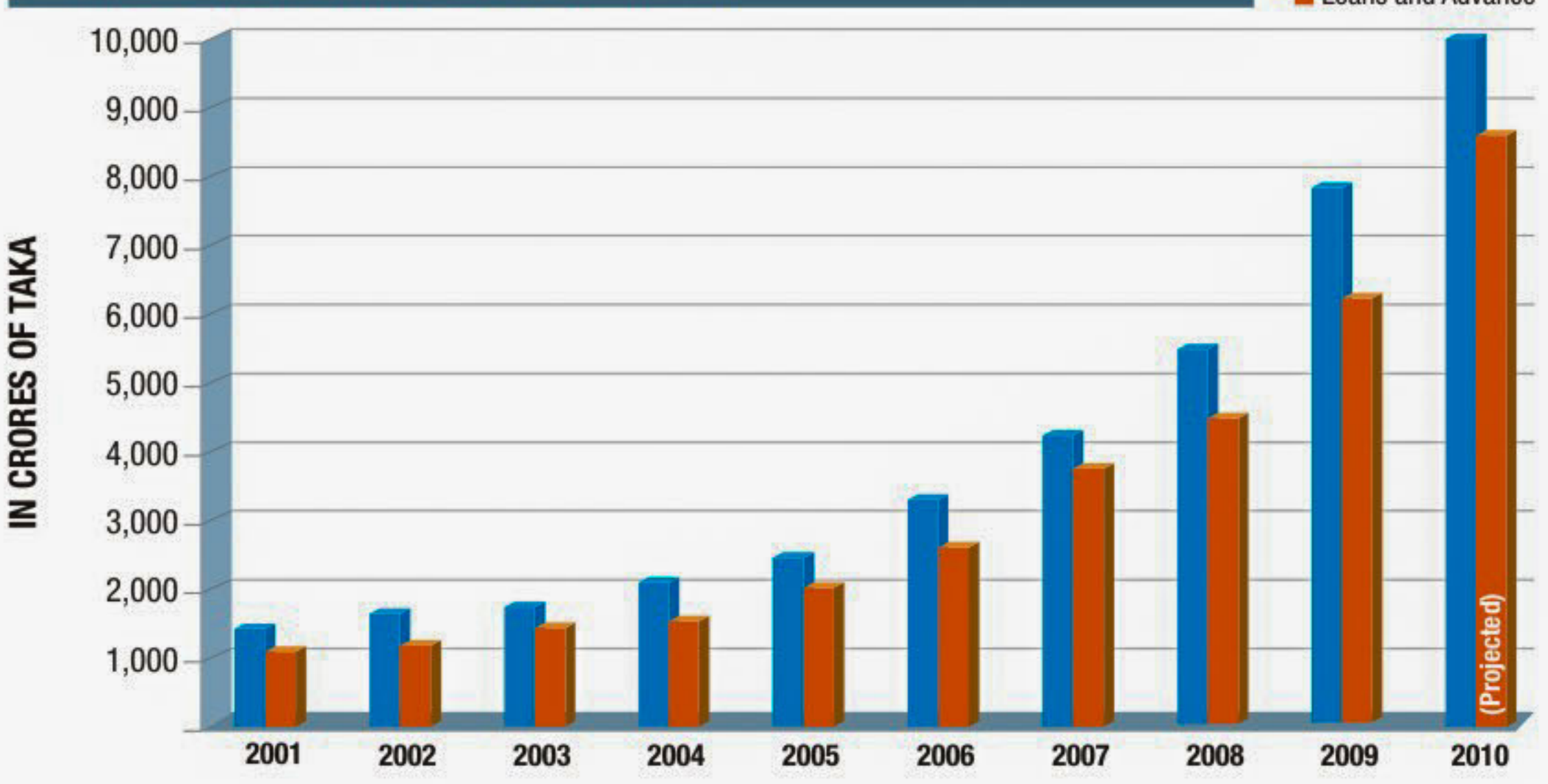
What made this miracle possible?

"This did not come so smoothly. We had to work hard to turn a troubled bank into a trust-worthy and customer-friendly one," says Shahjahan Bhuiyan, managing director and the architect of the new UCB.

He pumped fresh energy into the bank, motivated employees.

The bank has been performing well since Bhuiyan took charge in 2008, said officials of the bank.

BUSINESS PERFORMANCE IN DECEMBER



The bank had witnessed slow growth in all business parameters up to June 2008 and then the miracle began. It achieved operating profits of Tk 340.26 crore in the first nine months of 2010.

Between June 2008 and September 2010, UCB recorded a growth rate of 130.34 percent, while deposits and loans also grew by 101.58 percent and 91.25 percent.

"A thorough change in business policy, all-out drives by our executives and officers, and relentless efforts have helped us make a turnaround," said Bhuiyan.

In the past two years, the bank

introduced several major policies and guidelines to bring qualitative changes in day-to-day operations.

Some of those new policies include internal control and compliance, SME financing, new recruitment, internship placement, credit risk management, bad-loan recovery and write-off, home and car loan and IT.

The bank has also introduced an annual performance appraisal system and performance based pay packages, promotions and benefits, claimed to be the best in the industry.

Bhuiyan says the bank has also

delegated responsibilities and accountabilities to employees, and allocated duties as well.

The managing director says only a change in policy could not bring in the profits.

"Many more things, including diversification of loans and quality of services, have to be done to achieve the goal."

The bank has achieved business diversification by reducing reliance on large loans, recovering non-performing assets, and securing larger portion of assets growth from retail and SME banking, he said.

It boost operational efficiency by matching the maturity and prices of asset-liability base, ensuring utilisation of surplus fund, and lowering the cost of deposits by mobilising significant volume of low and no cost deposits.

Bhuiyan said implementation of credit risk management guidelines has resulted in less non-performing loans and proper diversification of credit portfolio towards minimisation of credit risks.

The bank launched value-added services in addition to core banking operations. These are capital market operations, cash management services to large corporate customers, relationship with exchange houses as well as linkage with reputed NGOs for securing remittance business.

"These are particularly important since profit from core banking business operations is now subject to increasing competition and decreasing profit," Bhuiyan says. UCB launched its first offshore banking business on November 1.

The paid-up capital of the bank increased to Tk 2,90.9 crore in 2010 from less than Tk 30 crore last year. Recently, the board of directors decided to increase capital by issuing 1:1 rights share with an issue price of Tk 150 each, which will take total capital fund to Tk 1,317 crore.

US ECONOMY

Obama defends Fed from foreign onslaught

AFP, New Delhi

President Barack Obama Monday defended the Federal Reserve after foreign condemnation of its "quantitative easing" policy of printing billions of new dollars to shore up the fragile US economy.

Obama said during a visit to India that the Fed had an independent role in regulating the US economy and he could not order it to act, nor comment on its decisions. But he broadly defended the central bank's motivations.

"The Fed's mandate, my mandate, is to grow our economy. That is not just good for the United States, that is good for the world as a whole," Obama said during a press conference with Indian Prime Minister Manmohan Singh.

A host of countries including China, Germany and Brazil have slammed the Fed's decision to pump an extra 600 billion dollars into the US economy, creating a problematic climate for Obama at this week's G20 summit in Seoul.

Obama made clear that he would stand his ground on the issue at the G20.

He said "the worst thing that could happen to the world economy, not just ours... is if we end up being stuck with no growth or very limited growth".

"That is the Fed's concern, that is my concern as well."

India and other emerging economies are receiving a tidal wave of speculative money seeking higher returns outside the United States. Analysts say the capital flow will only accelerate as the Fed prints new money.

But Singh, a major voice for the developing world, appeared to give some endorsement of the Fed's move as he stood side by side with Obama.

"Anything that would stimulate the underlining growth of entrepreneurship in the United States would help the cause of global prosperity," he said.

Other countries have been more forthright.

German Finance Minister Wolfgang Schaeuble said US stimulus policies had been "hopeless" and warned that Chancellor Angela Merkel would discuss this "in a critical fashion" with Obama in Seoul this week.

Brazilian Finance Minister Guido Mantega said the Fed's quantitative easing was no better than "throwing money from a helicopter", and accused the Obama administration of trying to devalue its way back to prosperity. The issue is especially sensitive



US President Barack Obama (C) reviews troops as he participates in an official arrival ceremony at Rashtrapati Bahavan in New Delhi, India yesterday.

for China given tensions over the yuan with Washington, which says the Chinese currency is kept undervalued to gain an export advantage at the expense of US jobs.

Chinese Vice Finance Minister Zhu Guangyao said Washington had a duty to uphold emerging economies under threat from

speculative capital inflows.

"The United States is not aware enough of its obligations on capital markets and has not sufficiently thought about the attacks suffered by emerging economies," Zhu told reporters in Beijing.

"We will have frank discussions with our US colleagues" about the

Fed's quantitative easing plan, Shu said.

In a front-page commentary Monday, the overseas edition of the People's Daily newspaper said the Fed's action could lead to economic "collapse" if other countries erect trade barriers to guard against a depreciating

dollar.

The sluggish US recovery after the worst economic crisis in decades was seen as a major reason for the defeat of Obama's Democrats in congressional elections last week.

US government data released last month showed real GDP growth of only 2.0 percent in the third quarter, a slight rise on the previous period, but still well short of the roaring expansion needed to cut high unemployment.

And while quantitative easing is designed to get more cash into the pockets of companies, consumers and homeowners by making borrowing cheaper, there are concerns it could fuel inflation.

Obama explained the G20 summit this week would look at how to rebalance the world economy, which he said would require currency adjustments from some countries in an apparent reference to the Chinese yuan.

The US wants China to allow the yuan to appreciate, which would make China's exports less competitive.

India, US to cooperate on clean energy

REUTERS, New Delhi

India and the United States have agreed to cooperate on energy projects including shale gas and clean energy, Prime Minister Manmohan Singh and US President Barack Obama told a press conference yesterday.

The two countries will set up a research and development centre for clean energy in India.

"We agreed to deepen our co-operation in pursuit of clean energy technologies, including the creation of a new clean energy research centre here in India, and continuing our joint research into solar, bio fuels, shale gas and building efficiency," Obama said.

India currently imports around four-fifths of its crude oil needs and is looking abroad to help fuel a near double-digit economic boom. It is looking at

alternative sources of fuel as so far its own oil exploration has provided insufficient flows.

India, which has one of the world's lowest power consumption rates per capita, has set a power generation target of 62,000 megawatts by March 2012. India currently has around 165 gigawatts of installed generation capacity.

Around two-thirds of the country's electricity is generated from thermal power currently using coal, gas and liquid fuel.

India is looking at alternative sources of energy to plug gaps in its supply and demand for electricity which lead to frequent power cuts, particularly in rural areas.

Nuclear and hydro electricity generation account for less than a quarter of India's total output currently