

International Business News

Singapore Airlines reports net profit of \$295.4m

AFP, Singapore  
Singapore Airlines (SIA) Tuesday reported a second-quarter net profit of 380.2 million Singapore dollars (295.4 million US) on improved travel demand, but warned the coming months would be clouded by economic uncertainties.

The flag carrier's performance for the quarter ended September was a sharp turnaround from last year when it ran up a net loss of 158.8 million dollars as the travel sector was squeezed by the global financial crisis.

But it came in below a Dow Jones Newswires analyst poll, which predicted an average 395-million-dollar net profit for the Singapore carrier.

SIA said total revenues in the July-September quarter totalled 3.6 billion dollars, a slight increase from last year's 3.08 billion dollars.

The carrier expressed concerns about the uncertain global economic situation, including the swings in jet fuel prices and currencies.

"Forward prices for jet fuel are high and volatile. There is continuing volatility in the currency markets due to challenges faced by the global economy," SIA said in a statement.



AFP  
A Chinese worker shows a 1000g-weight gold bar at a gold shop in Beijing on Monday. China's central bank chief has warned that the risks of excessive liquidity, inflation, asset bubbles and bad loans will "increase significantly".

ICBC expanding in Europe, Middle East

AFP, Beijing  
Industrial and Commercial Bank of China, the world's largest by market value, is accelerating its global expansion with new branches in Europe and the Middle East, a newspaper reported Tuesday.

The Beijing-based bank opened a branch in Abu Dhabi on Sunday and is planning others in Paris, Madrid, Milan, Brussels and Amsterdam as it follows a rising tide of Chinese firms going abroad, the Financial Times reported.

"ICBC anticipates some big developments in terms of Chinese companies doing more business in Europe and they want to be ready," the newspaper quoted an unnamed senior China-based European banker as saying.

Bank officials were not immediately available to comment on the report.

The bank is also looking at potential acquisitions in Europe and the Middle East and plans to expand in Canada after buying a small network of six branches from Hong Kong's Bank of East Asia this year, the report said.

ICBC has a subsidiary company in Qatar and is mulling opening branches in Kuwait and Saudi Arabia, the report said.

PE group approaches Alibaba on Yahoo bid

REUTERS, Hong Kong  
Jack Ma, founder of Alibaba Group, has been approached by a group of private equity investors to gauge his interest in joining a bid to buy Yahoo Inc, a source close to the situation said.

Ma, whose Alibaba Group is 40 percent held by Yahoo and is China's largest e-commerce company, has yet to make any decision about participating in the potential bid, said the source, speaking on condition of anonymity due to the sensitivity of the situation.

He declined to give more details, including the names of any of the private equity companies involved. The source said it was unclear if the bid attempt was a new one or one in which AOL Inc was said in October to be looking at.

Yahoo, the No.2 search engine in the United States, is struggling to revive its fortunes after falling behind Google Inc and facing stiff competition from social networking sites such as Facebook.

Much of its value is now tied up in its Asian assets, where its ties are under some strain.

China state broadcaster sees record ad sales in 2011

AFP, Shanghai  
China's state broadcaster, China Central Television, is poised to see record ad revenues in 2011 after advertisers pledged to spend 1.86 billion dollars next year, state media reported Tuesday.

CCTV, which had an audience of 1.23 billion viewers in 2009, held its annual up-front ad sales auction on Monday, the China Daily newspaper said.

The annual bidding for prime advertising slots is considered by some observers to be a bell-wether for consumer spending in the world's second-largest economy.

"The amount of money sets a new record in 17 years," the vice-director of CCTV's advertising operation and management centre, He Haiming, was quoted as saying.

"The top bidders were from the food and beverage sectors, home appliances as well as finance and security. There was also an increased presence by the auto and tourism industries."

The 12-hour auction saw bids totalling 12.67 billion yuan (1.86 billion dollars), a 15.52 percent increase over last year, the report cited He as saying.

INSURANCE

MetLife's new game plan

SAJJADUR RAHMAN

MetLife plans to launch a range of investment and retirement products in Bangladesh. Last week, MetLife completed the acquisition of American Life Insurance Company, popularly known as Alico, at a price tag of \$16.2 billion. In Bangladesh, it got a new name: MetLife Alico.

"We will introduce a range of new products and recruit more salespersons to boost business in Bangladesh," says Michel Khalaf, chief executive officer for Middle East, Africa and South Asia at MetLife Alico. The Daily Star caught up with Khalaf, 46, a Lebanese national, a day after the acquisition on November 1.

MetLife Alico aspires to be stronger and better-positioned than Alico to deliver improved services to customers. However, he says the integration of the two giants would not be as smooth.

Alico was founded in 1921 and offers life, accident and health insurance, retirement planning, personal wealth management solutions and global benefits solutions to 20 million customers in over 50 countries. The global insurer began operations in Bangladesh in 1952.

Alico, a leading global provider of insurance, annuities and employee benefit programmes, had served 90 million customers in over 60 countries. The 140-year-old insurer was also the leader in life insurance in Bangladesh with a 20 percent stake. MetLife boasts nearly 12 lakh policyholders received from Alico in Bangladesh.

*Our future success will be dictated by us offering better products, services and value, and that will be driven by our staff:*

Michel Khalaf

"Alico has a strong brand name here and we hope the reputation and the business will get stronger after the acquisition," says Khalaf, who has been with Alico for 22 years.

He says the merger will enable MetLife to develop new products to provide greater certainty to investors and their advisers.

"Our future success will be dictated by us offering better products, services and value, and that will be driven by our staff," he says. But he believes it is not easy to identify the products that best suit local customers' needs, circumstances and budget.

A research team will work to devise suitable products for Bangladeshis, he adds.

To support the company's future business plans, new faces will be recruited here, Khalaf says. But he did not state the number of employees that will be recruited.

Currently, Alico has 136 agencies across the country. The insurer has products of life insurance, retirement, health and accidents. The insurer has a 10,800 sales force in Bangladesh and earned a gross premium of nearly Tk 9 billion in 2009.

According to the official, the biggest growth opportunities are going forward in Asia. "As a result of the acquisition of Alico, MetLife's sales force in is set to grow from existing numbers," he says.

Nurul Islam, regional senior vice president for Middle East, Africa and South Asia, accompanied Khalaf at the interview.

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WORLD ECONOMY

China keeps up tough talk as G20 summit nears

Seoul gears up for tomorrow's start



AFP  
South Korean pedestrians walk past a giant portrait of South Korea's Olympic women's figure skating champion Kim Yu-Na at a plaza in Seoul yesterday under a banner heralding this week's G20 summit.

REUTERS, Seoul

China warned on Tuesday that US easy money could destabilise the global economy and inflate asset bubbles, keeping up the pressure on Washington just two days before the start of a G20 leaders summit.

The US Federal Reserve's new \$600 billion bond-buying programme has drawn global scorn because of concerns it will send a flood of cash into the world economy without doing much to reinvigorate a lacklustre US recovery.

Ma Delun, a deputy governor of the People's Bank of China, said he was concerned the Fed's spending spree may undermine efforts to balance out global growth.

The Fed's programme "may add risks to the global economic imbalance, put pressure on emerging markets to adjust their international balance of payments and could also stir the formation of asset bubbles, all of which require our vigilance," Ma said in Beijing.

The Group of 20 rich and emerging economies meet here on Thursday and Friday and are eager to show they have not lost the cooperative spirit forged during the depths of the financial crisis in 2008.

Hosts South Korea hung huge banners from buildings around the convention centre housing the summit proclaiming a G20 mission of "Shared Growth Beyond Crisis."

But growing discontent over foreign exchange rates and trade has exposed deep international rifts, while Ireland's worsening debt troubles have served as a reminder that the global economy remains vulnerable to financial turmoil.

If G20 leaders are unable to calm tensions this week, it could intensify investor concerns that global cooperation is giving way to national policies that may not be in the world economy's best interest.

High on the worry list is protectionism.

Although G20 finance leaders pledged last month to shun competitive currency devaluations, the Fed's bond-buying programme has deepened concerns that the US dollar is headed lower, driving up exchange rates in other countries.

China's tight grip on the yuan's rate means other fast-growing emerging markets such as Brazil end up taking the brunt of the currency adjustment.

World Bank President Robert Zoellick called for a new global cur-

rency system, perhaps with gold as a reference point. The idea drew criticism from many economists and there was no indication that it was on the G20's agenda this week.

Li Daokui, an academic adviser to China's central bank, said China wants a more "reasonable" global monetary system but its objective was not to replace the dollar with the yuan.

SECURITY TIGHTENS

Seoul raised its security alert to its highest level this week over concerns of violent anti-capitalist protests -- a common feature of summits involving the world's leading economies -- and worries rival North Korea may try to stage an incident to embarrass it.

Authorities have received hundreds of applications to stage protests, mostly by small fringe groups, with the biggest rally of unionists and anti-capitalists expected on Thursday. Some 50,000 police officers have been dispatched.

On Tuesday, two naked women activists from South Korea and Canada were covered with blankets and whisked away by police near the main G20 venue. They were animal rights activists protesting against the meat industry.

Study: G20 pursues protectionism

REUTERS, Geneva

G20 states are continuing to carry out protectionist policies in contrast to repeated pledges to keep markets open, and developing countries have been among the main victims, a study by independent economists said on Monday.

The report by Global Trade Alert (GTA) finds that G20 countries have implemented 111 measures that harm foreign commercial interests since their last summit in June this year.

The total number of harmful measures implemented by G20 governments during the crisis and subsequent recovery has crossed 500 to reach 511, it said in the report, brought out in advance of this week's G20 summit in Seoul.

"The crossing of this dubious threshold casts further doubt on the quality of G20 leadership on protectionism," Simon Evenett, an economics professor at St Gallen University in Switzerland and one of the founders of GTA, said in a statement.

The report follows a warning last week by the World Trade Organization, Organisation for Economic Co-operation and Development and United Nations Conference on Trade and Development that the global economy is threatened by increasing protectionism, caused in part by tension over exchange rates.

GTA, a website on which economists monitor and rate trade measures, has been consistently more pessimistic about protectionism than the WTO.

In its latest report, GTA takes a more upbeat view, saying protectionist tensions have been contained -- for now -- and that currency tensions had not led to protectionism across the board, but says governments continue to close their markets to foreign competition.

Policy-makers in rich and emerging economies generally talk about the need to help developing countries, but GTA said that world-wide, since the crisis began, 141 government measures have hurt the traders and migrant workers of the 50 poorest Least Developed Countries (LDCs).

Clarification

Standard Chartered Bank Bangladesh in a clarification yesterday said that some parts of the interview of Jungkiu Choi, global head of strategy for consumer banking of the bank, published in Star Business on November 7 were not interpreted correctly.

During the interview, Choi talked about his impression about the country's banking industry and the next steps for development. He shared the experience of South Korea in this regard, in terms of the development of the derivatives market and the role of the government in shaping the financial markets. He mentioned that once the Bangladesh market starts to experience the growing demands for sophisticated financial products like the commodity backed derivatives, regulatory guidelines will play a key role in the development of this market.

About the bank's plans to expand its consumer banking services across the country, the official said there is a regulatory cap on the number of branches that a foreign bank can have in the country. "Hence we are not in a position to expand our services to other cities or the rural areas. However, we continue to work with micro finance institutions for financial inclusion of the people in the rural areas," said the clarification.