StanChart begins fightback on Iran allegations

REUTERS, *Washington/London*

Cowboy local regulator or the exposer of lax federal bureaucrats?

That's the key question being asked about New York banking regulator Benjamin Lawsky after his explosive charge that London's Standard Chartered bank abetted $250 billion of money-laundering transactions with Iran.

Standard Chartered won help Wednesday from Britain's central bank governor, who portrayed Lawsky as marching to his own tune, and marching out of step with federal regulators in Washington. "One regulator, but not the others, has gone public while the investigation is still going on," the Bank of England's Mervyn King said at a news conference in London.

The US Treasury Department, in a letter responding to a request for clarification from British authorities, said it takes sanctions violations seriously.

The British bank lost over a quarter of its market value in 24 hours after Lawsky, the head of New York State's Department of Financial Services, threatened Monday to cancel Standard Chartered's state banking licence, which is critical for dealing in dollars. Lawsky called Standard Chartered a "rogue institution" for breaking US sanctions against Iran.

Standard Chartered shares bounced 7.1 percent on Wednesday to close in London at 13.15 pounds, up from a three-year low of 10.92 hit on Tuesday. They were still down 18 percent since the regulator's threat, which Chief Executive Peters Sands said was "disproportionate" and came as a "complete surprise."

Meanwhile, Reuters Breakingviews reported that the US Federal Reserve has asked Standard Chartered's New York office to report every few hours on its liquidity position, according to people familiar with the situation. The concern is that the possibility of Standard Chartered losing its New York license could spook trading counterparties or depositors, although there is no suggestion that this is happening, Breakingviews said.

The bank's top executives, some like Sands scrambling back from summer vacations, worked on a defence strategy. So far, the executives have contested the regulator's figures and his interpretation of the law, but they have given little further detail. The bank says only a tiny proportion of its Iran-related deals -- less than $14 million -- was questionable under US sanctions rules.

Sources told Reuters that federal banking regulators in Washington, who had been probing Standard Chartered's Iran-related deals for more than two years, were surprised by the timing of Lawsky's charges and the stridency of his language.

Lawsky's Department of Financial Services had come to the conclusion the case was getting old and that it wanted to move forward, a person with knowledge of the situation said. The department told other agencies at a meeting in April that it planned to move forward with the case, the person said.

Members of Lawsky's office met representatives of Standard Chartered around May but did not inform the bank it planned to issue an order against it, the person said.

"This is a case about Iran, money laundering, and national security," Lawsky said in a statement on Wednesday. "We will continue to work closely with our law enforcement partners, both federal and state, in this effort. No bank, big or small, foreign or domestic, is above the law."

In Washington, Adam Szubin, director of the Treasury Department's Office of Foreign Assets Control, said in a letter to British authorities that his office is investigating Standard Chartered for "potential Iran-related violations as well as a broader set of potential sanctions violations."

The letter, which was dated Wednesday and obtained by Reuters, came in response to a British request for clarification of US sanctions laws. Although much of the letter focused on so-called U-turn transactions, which are at the centre of New York's allegations, the letter said it was not a comment on Lawsky's action.

The alleged U-turn transactions refer to money moved for Iranian clients among banks in the United Kingdom and Middle East and cleared through Standard Chartered's New York branch, but which neither started nor ended in Iran.

In London, King drew unfavourable comparisons between the handling of this case and other US actions against British banks, such as the investigation of interest rate manipulation at Barclays Plc.

In the Barclays case, he said, all regulators in Britain and the United States produced coordinated reports after the investigation was complete.

"I think all the UK authorities would ask is that the various regulatory bodies that are investigating the particular case try to work together and refrain from making too many public statements until the investigation is completed," King said.

Standard Chartered's Sands, in his first public comments since the crisis arose, offered no major new information on the allegations, which the bank has been reviewing with authorities for the past two years.

"(We) fundamentally reject the overall picture and believe there are no grounds for them to take this action," he told reporters. The threat to cancel the bank's license to operate in New York would be "wholly disproportionate," he said.

Although Standard Chartered's business is concentrated in emerging markets, which has helped insulate it from the global financial crisis, it needs to be able to operate in New York so it can offer dealings around the world in US dollars.

Also on Wednesday, Deloitte LLP, which was accused in Lawsky's order of wrongdoing in its role as an outside consultant to Standard Chartered, denied any misconduct. Deloitte was hired by Standard Chartered after US authorities reprimanded the bank for similar lapses on transactions in 2004.

"Deloitte had no knowledge of any alleged misconduct by any Standard Chartered Bank employees and categorically denies that it aided in any way any violation of law by the bank," the firm said in a statement.

Squeezed by debt crisis, Greeks ditch cars for bikes

REUTERS, *Athens*

Greece's dire economic plight has forced thousands of businesses to close, thrown one in five out of work and eroded the living standards of millions. But for bicycle-maker Giorgos Vogiatzis, it's not all bad news.

The crisis has put cash-strapped Greeks on their bikes - once snubbed as a sign of poverty or just plain risky - and Greek manufacturers are shifting into fast gear.

The high cost of road tax, fuel and repairs is forcing Greeks to ditch their cars in huge numbers. According to the government's statistics office, the number of cars on Greek roads declined by more than 40 percent in each of the last two years. Meanwhile, more than 200,000 bikes were sold in 2011, up about a quarter from the previous year.

Shops selling bicycles, and equipment ranging from helmets to knee pads, are spreading fast across the capital, popping up even between souvenir shops on the cobbled pedestrian streets of the touristy Plaka district.

"They're sprouting up like mushrooms," said Vogiatzis, who designs and builds tailor-made bicycles in his workshop on the Aegean island of Rhodes.

A former cyclist on Greece's national team, Vogiatzis opened his business in the mid-80s, combining his love for drawing and mathematics, but only recently watched sales boom from a modest 40 bikes a year to over 350.

"There's no more money for luxuries and that helps," said Vogiatzis, who works away furiously with two other staff to meet demand for all sorts of bikes - some lavishly hand-painted in glitter, others flaunting the Greek flag.

"People who were never interested in cycling are buying bikes," he added. Vogiatzis now exports to seven countries including Germany and the United States, and opened shops across Greece, including in Athens where competition is fierce.

A far cry from the shuttered shopfronts in the capital that have become a painful reminder of the country's worst downturn since World War Two, bike shop owners estimate that at least one store opened every month in 2011.

Myanmar seeks to rejoin top rice exporters

REUTERS, *Yangon*

As Myanmar emerges from decades of isolation and oppression, it hopes to reclaim its nearly forgotten status as the world's biggest rice exporter.

That's a tall order, but industry and government officials have begun drafting plans to revitalise the industry after years of neglect and military mismanagement.

No country's appetite is quite like Myanmar's, which boasts the world's highest annual rice consumption at 210 kg (460 lb) per person. It makes up 75 percent of the country's diet, according to government statistics.

That helps explains its economy.

Agriculture - including farms, fisheries, forestry and livestock -- accounts for 43 percent of gross domestic product, a quarter of exports and 70 percent of employment. Industrial production, including exports of natural gas, is about 20 percent of the $43 billion economy.

As Myanmar undergoes the most breathtaking reforms in the former British colony since a 1962 military coup when it was known as Burma, the government is looking for ways to revive the rice industry and reclaim its nearly forgotten status as the world's top rice exporter in the 1960s.

A top priority is to give farmers better access to high-quality seeds by encouraging investments from multinationals such as Monsanto Co and DuPont Co's Pioneer Hi-Bred seed unit.

"In China, every township has a seed production company," Tin Naing Thein, National Planning and Economic Development Minister told Reuters. "The government will encourage and support them here."

A recent easing in U.S. sanctions could make that easier. DuPont Pioneer, for instance, is "looking forward to exploring opportunities in Myanmar", spokeswoman Cookie Lo said in an e-mail.

Myanmar is predicting a big increase in exports, projecting shipments of as much as 2 million tonnes next year and 3 million by 2015, says Ye Min Aung, Secretary General of the Myanmar Rice Industry Association. That's up sharply from 778,000 last year.

REUTERS

Farmers plant rice seedlings in a paddy field on the outskirts of Yangon.

It expects exports to double this year to 1.5 million tonnes. However, the U.S. Agriculture Department attache has forecast exports would likely tumble 23 percent in 2012, due to increased supplies from other rice producers.

A new agricultural bank was set up two months ago to provide credit to small farmers, many of whom are struggling with debt.

Myanma Agro-business Public Co has 76 shareholders, including agriculture development banks (ADCs) run by local tycoons that specialise in micro-credit. With an initial 16 billion kyat ($18 million) in capital, it will publicly sell shares after its business license is approved, says Myo Thuya Aye, managing director of Ayeyar Wun Trading Co Ltd, an ADC.

The bank is similar to one set up in Indonesia, whose political and economic reforms over the years Myanmar is studying. Unlike the Indonesian bank, Myanmo Agro-business will not be state controlled.

That could be a problem, says David Dapice, an economist at Harvard University's Ash Center, who helped Bank Rakyat Indonesia build a network of small, profitable outlets in the 1980s.

"In Indonesia, the government bank was able to act like a private bank and did very, very well. Rural credit became a profit centre," he says. "I have nothing against private banking going into rural areas. But I find they are generally reluctant to do so when the rural areas are not prosperous."

That's already happening. After lending $100 million in 2010/11, the ADCs cut that back to $25 million in the year to March, the US Agriculture Department attache says.

"To have farmers thrive, Indonesia realised that the government had to invest in rural infrastructure and provide a realistic exchange rate, not just provide credit. The pieces are not yet in place in Myanmar," Dapice said.

Mills are another problem. About 80 percent are small-scale, antiquated businesses that struggle to produce the white rice kernels expected by international buyers. As a result, mill losses, measured mostly by broken grains, are 20 percent higher than in Thailand and Vietnam, says Ye Min Aung at the rice industry association.

Samsung says not considering buying RIM

REUTERS, *Seoul*

South Korea's Samsung Electronics Co said on Thursday it has not considered acquiring Research In Motion or licensing the embattled BlackBerry phone maker's new mobile operating system.

A lack of support from potential partners such as Samsung could mean more trouble for RIM, which is seeking various options to turn around its embattled business.

Shares of RIM had risen more than 5 percent early on Wednesday after an influential analyst said it may license the BlackBerry 10 system to Samsung.

"RIM has already lost its initiative in the smartphone market and what is left doesn't look really attractive to the likes of Samsung," said Lee Sei-cheol, an analyst at Meritz Securities. "Should they have a deep patent pool, that might be the most appealing asset to potential acquirers."

Samsung, the world's largest smartphone maker, is the biggest seller of phones that run on Google Inc's Android system, but it also makes phones using Microsoft's Windows as well as its proprietary software called bada.

Its strategy of making phones with multiple platforms had raised speculation it may also license BlackBerry's system to stretch its lead over rivals such as Apple and diversify away from Google, which now owns a handset manufacturing business after acquiring

Unitech wins block on Uninor asset sale plan

REUTERS, *New Delhi*

The minority partner of Telenor's Indian unit blocked a bid by the Norwegian mobile phone carrier to buy out assets and rebuild the joint venture which is being stripped of its operating licence.

The Company Law Board, a quasi-judicial body that rules on company disputes, on Thursday upheld a challenge by property company Unitech Ltd against an auction of assets in Uninor, the mobile phone joint venture of which it owns one third.

Uninor, 67 percent-owned by Telenor, said it would appeal the ruling.

Telenor and Unitech have fallen out after the Supreme Court ordered the government to withdraw the licence of Uninor and other mobile operators following a scandal-tainted sale in 2008.

Telenor has blamed Unitech for losing the licence, accusing it of "fraud and misrepresentation."

Uninor had invited potential bidders to express interest by August 8 and said Telenor was willing to bid in the auction.

The asset auction was seen as a move by Telenor to buy out Unitech and rebuild the business.

The Company Law Board (CLB) last week asked Uninor not to proceed with the auction until a further order, which Uninor had challenged at the Delhi High Court.

The Delhi High Court had allowed it to receive interests from potential bidders, pending a final order from the Company Law Board.

"Since the CLB order has now been pronounced, we are able to comprehensively move our arguments towards Uninor's asset auctions to the higher courts," Uninor said in a statement.

Telenor and Unitech did not immediately comment after the Company Law Board order.

Uninor is among eight mobile carriers in India that are set to lose a total of 122 regional operating permits.

Telenor has said it will either leave India or buy out Unitech and take the business into a new entity with a new partner to seek fresh operating permits.

Unitech has contested Telenor's moves and has said it has veto rights over any asset transfer.

REUTERS

Jaguar Land Rover Freelander 2 vehicles are displayed on the production line at their production plant in Pune, 190km south of Mumbai. Tata Motors, India's biggest truck and bus maker, posted a 12 percent rise in quarterly profit that fell below expectations, as margins at its key Jaguar Land Rover unit fell and profit at its domestic business nearly halved.