ACI MOTORS

Taskin Ahmed, a fast-bowler of Bangladesh national cricket team; FH Ansary, executive director of ACI Agribusiness; Subrata Ranjan Das, chief business officer of ACI Motors; and Mohammad Azam Ali, general manager, are seen at a deal signing ceremony at ACI Centre in Dhaka recently. Taskin has become the brand ambassador of Yamaha. ACI Motors is the sole distributor of Yamaha brand motorcycles and spare parts of this brand in Bangladesh.

Modi eyes real estate assets in drive against graft

REUTERS, *New Delhi*

Prime Minister Narendra Modi has quietly plugged a tax loophole used by the wealthy to buy real estate in someone else's name as part of his campaign against corruption, a senior tax official said on Monday.

While the focus of his administration was managing the fallout of a shock move last month to scrap old 500 and 1,000 rupee notes, the official told Reuters that the department expected to step up scrutiny of real estate assets with suspicious titles.

Tax officials expected to use returns for the current year that are filed in July as well as other means such as raids and data from bank transactions to gather information about suspicious real estate assets, the official said.

"This is our priority for next year," said the official, requesting anonymity as unauthorized to speak to the media.

Any move to clean up India's messy real estate market could prove to be a mammoth and messy task and would come even as the Modi government is facing mounting criticism of its handling of the cash crunch that followed the scrapping of higher denomination currency notes.

India's land records are patchy and arcane. Analysts say people such as politicians, businessmen and non-resident Indians often use cash they haven't paid taxes on to buy property, but put it in the name of their relatives or trusted employees.

But often apartments and land pass down generations in a family without the original owner's name ever being changed in the title.

Data on the scale of such activity is not available. But industry estimates show about 5 to 10 percent of real estate in many cities is bought by people who have evaded taxes.

In his monthly radio address on Sunday, Modi defended demonetisation, which he has billed as an attempt to fight corruption, and said the government would implement the law to clean up India's real estate records in coming days. "There is no question of a retreat," Modi said.

The law, called the Prohibition of Benami Property Transactions Act, which came into effect on Nov. 1, says people who hold assets that don't actually belong to them could face up to seven years in jail, besides seizure of the property.

The government has yet to spell out how it will update real estate records and land registries.

Analysts said the real test for Modi would be to increase compliance and punish people who have evaded taxes without causing hardship to others.

"The relentless pursuit of black money needs to be backed by solid execution. Otherwise this will just remain on paper," said Amit Maheshwari, a partner at consultancy Ashok Maheshwary & Associates LLP.

China's outward investment tops $161b in 2016: minister

REUTERS

China's non-financial outbound direct investment (ODI) is likely to hit 1.12 trillion yuan ($161.19 billion) in 2016 and foreign direct investment into China will total 785 billion yuan, Commerce Minister Gao Hucheng said on Monday.

The government will "promote the healthy and orderly development of outbound investment and cooperation" in 2017, Gao said in remarks at a conference that were published on the ministry's website.

China's ODI in November jumped 76.5 percent from a year earlier and it rose 55.3 percent in the first 11 months of 2016, the ministry's data showed, as local firms continued to invest abroad amid a slowing economy and weakening yuan.

Separately, the ministry said on its microblog that China will sharply reduce restrictions on foreign investment access in 2017, opening up sectors where foreign companies have strong investment interest and risks are under control.

No details were given on what restrictions will be changed.

Earlier this month, China published draft foreign investment guidelines which it said would "increase openness to the outside world".

Based on Gao's forecasts, non-financial ODI is set to surpass foreign direct investment into China by an unprecedented 335 billion yuan this year, amid worries about capital outflows.

For all of 2015, the ministry reported non-financial ODI of 735.1 billion yuan, and FDI of 781.4 billion yuan.

Gao said that in 2017, difficulties faced in maintaining a stable flow of foreign investment into China will increase, while sources of volatility for China's outbound investment will rise along with risks, according to an interview with state media published Monday.

Beijing has announced a string of measures recently to tighten controls on money moving out of the country, including closer scrutiny of outbound investments, as the yuan skids and the country's foreign exchange reserves fall to the lowest levels in nearly six years.

China will further enhance the competitiveness of its foreign trade and consolidate recent good momentum, Gao added.

BATB

Golam Mainuddin, chairman of British American Tobacco Bangladesh, and Shehzad Munim, managing director, receive the National Award for Corporate Governance Excellence of the Institute of Chartered Secretaries of Bangladesh in the manufacturing companies' category from Mashiur Rahman, prime minister's economic affairs adviser, at Sonargaon hotel in Dhaka recently.

How JPMorgan could not save Italy's problem bank

REUTERS, *Milan/London*

On the morning of July 29, former Italian Industry Minister Corrado Passera was travelling in a high-speed train towards the medieval city of Siena, racing to meet the directors of the world's oldest bank to present them with a rescue plan.

Monte dei Paschi di Siena, Italy's third-largest lender, was destined to be wound down within months unless it could raise billions of euros and pull itself out of a swamp of bad loans that threatened to swallow up its five centuries of banking.

Passera's recapitalisation plan was supported by Swiss investment bank UBS - Monte dei Paschi's long-time adviser - but the former minister was running out of time.

The Tuscan lender had already changed advisory horses - turning away from UBS and Citi, and instead engaging JPMorgan to engineer a survival strategy, according to bankers close to the matter. Its board was meeting that day at its HQ in a 13th-century fortress to decide whether to formally commit to the Wall Street player's plan, they said.

Veteran banker Passera felt he would at least have a chance to make his case. He didn't. As the train reached Florence, about 70 km from Siena, his phone rang. Monte dei Paschi's chairman told him the board would not hear him, according to a source familiar with the events.

The bank had instead pinned its fate on JPMorgan's plan to clear out 28 billion euros ($29 billion) in bad debts and raise 5 billion euros in equity - one that ended in failure in the early hours of Friday when the Tuscan lender said it could not find enough investors and asked the government to bail it out.

For the plan's sceptics, the failure to rescue the bank privately was testament to a misplaced belief in government circles that Italy could find a solution to its banking problem child without the need for a politically unpopular state bailout.

Passera's proposal - never made public - had involved a 2.5-billion-euro capital increase reserved for private equity funds and a 1-billion-euro share sale to existing Monte dei Paschi investors, according to the source familiar with events.

Bankers say that was unlikely to have met with any more success than JPMorgan's, given the lack of investor appetite for Monte dei Paschi and the wider banking sector. Italian banks are creaking under the weight of 360 billion euros of bad loans - a third of the euro zone's total - following the financial crisis.

But the fact the bank laid its entire trust in JPMorgan, and a plan that European regulators in Brussels and Frankfurt said from the outset was destined for failure, nevertheless underscores the government's mismanagement of a problem that continues to cast a shadow over the country and its economy.

Unlike Spain, Rome refused an EU-funded bailout for its banks when European rules for doing so were more lenient, and for too long failed to take decisive action to deal with its lenders' bad loans. Monte dei Paschi, which had already received state aid twice before, has become a symbol of the government's inefficiency in tackling the problems of its banking industry.

Three weeks before Passera's wasted train journey, the idea of a privately funded bailout of Monte dei Paschi was born over lunch in Rome between JPMorgan's global chief, Jamie Dimon, and then Prime Minister Matteo Renzi, according to banking and political sources.

Renzi thought he had finally found the man who would fix one of his biggest political headaches, despite the fact that JPMorgan's plan would involve raising 10 times the market value of Monte dei Paschi, a feat virtually unheard of in Europe.

Renzi, who hails from the bank's home region of Tuscany, wanted to avoid a state rescue at all costs, because new European rules would require investors to bear losses in the event of a tax-payer funded bailout.

The bank's bondholders include tens of thousands of Italians, many of them part of his political power base.

A spokesman for Renzi did not respond to requests for comment.

JPMorgan in turn hoped to break into big Italian deal-making, a sphere where this year it lagged behind US rival Goldman Sachs with its investment banking fees more than halving since 2014, according to Thomson Reuters data.

If the plan succeeded, JPMorgan and its co-adviser Mediobanca, alongside 10 other investment banks and state-sponsored banking fund Atlante, stood to share in fees worth 558 million euros, roughly equal to Monte dei Paschi's market capitalisation, publicly available documents show.

By winning over the board of the Tuscan bank, JPMorgan and Mediobanca elbowed out rivals UBS and Citi, all battling to earn a jackpot of fees in a sector that could need 40 billion euros in capital over the next few years.

Monte dei Paschi said on Thursday the banks involved in the failed rescue plan would receive no fees.

Alarm bells began ringing loudly over the feasibility of the plan in early September, when Monte dei Paschi abruptly announced its chief executive, Fabrizio Viola, was quitting.

Viola had received a phone call from Economy Minister Pier Carlo Padoan who told him he needed to go, according to a source close to the matter.

Speaking about the episode on TV in October, Padoan said that given the Treasury was the bank's top shareholder following a previous bailout in 2013, it had to have a relationship with its top management. "With Viola, we assessed together what was best for the bank," he said.

After sounding out hundreds of investors during the summer, JPMorgan and other banks involved in the deal believed that a change of management was necessary to pull off the plan, because under Viola the bank had burnt through 8 billion euros of new capital, according to sources close to the consortium of banks.

Monte dei Paschi replaced him with Marco Morelli, head of Bank of America Merrill Lynch in Italy, who rushed through a new business plan. He then launched an international roadshow, meeting 280 investors in Europe, the United States and Asia to seek their backing.

Blindsided by SUV boom, Hyundai Motor trims costs, perks

REUTERS, *Seoul*

Headed for a fourth straight annual profit decline, Hyundai Motor is trimming its cost fat; scaling back on business class flights and annual family home trips for overseas employees, executives told Reuters.

The South Korean automaker has been hit by its exposure to weak emerging markets, and a product line-up that features more sedans than sport utility vehicles, just as SUVs have become more popular across many global markets.

The belt-tightening - which also includes cutting back on printing and fluorescent light bulbs - aims to buy Hyundai time to prepare new models and a design revamp.

"We're trying to address a mismatch between the market trend and our product line-up," said one Hyundai insider, referring to a need for more SUV models. "That's a longer term plan. For now we're trying to save every penny," he said, declining to be identified because the plans are not public.

Since October, Hyundai Motor Group executives have taken a 10 percent pay cut, the first such move in seven years. The number of executives at Hyundai Motor alone has risen by 44 percent in five years, to 293 last year.

The group has also downgraded hotel rooms for executive travel, and is encouraging video conferencing as a cheaper alternative to travel, insiders said.

"We're in emergency management mode," said another insider, who didn't want to be named as he is not authorized to speak to the media.

In a response to Reuters for this article, Hyundai Motor said it is "making various cost-saving efforts", with shrinking global demand and growing business uncertainty, but did not elaborate.

Other costs, such as low-margin supplier parts and labor at the heavily-unionized automaker, are tougher to pare back, said Ko Tae-bong, analyst at Hi Investment & Securities, noting Hyundai needs also to spend more on research and development in self-driving and other new technologies.

While Hyundai remains cash-rich, its costs as a proportion of revenue have risen for five straight years, to 81 percent so far this year, regulatory filings show. "Cutting expenses are stopgap measures, and won't do much to improve its bottom line," Ko said, calling them more "symbolic".

Hyundai grew quickly after the global financial crisis, with brisk sales of its Sonata and Elantra sedans. It was the only major automaker to increase sales in the United States in 2009.

But it has struggled to maintain that momentum as rivals' sales of SUVs have boomed and emerging market economies have weakened. Hyundai Motor shares have fallen 40 percent in the past three years, the worst performer among global automakers.

The automaker's top US executive has resigned, and the South Korea sales chief and China head have been replaced.

Sales of Hyundai cars, and those of its affiliate Kia Motors, could drop to 8 million this year, a first decline since Hyundai bought its smaller domestic rival in 1998, said Ko, the analyst.

For next year, Hyundai-Kia Executive Vice President and research head Park Hong-jae, expects sales to pick up again. "It was a difficult year this year. Things will get better," he told reporters on Thursday, citing recovery in markets such as Brazil and Russia.

Another Hyundai source said the group has trimmed its preliminary 2017 sales target to 8.2 million vehicles, from 8.35 million forecast in mid-year.

Science and Technology Minister Yeafesh Osman attends the inauguration of the first international conference on engineering materials and metallurgical engineering at the conference room of Bangladesh Council of Scientific and Industrial Research in Dhaka on Thursday.

BCSIR

BMW to recall nearly 200,000 cars in China

AFP, *Beijing*

German luxury carmaker BMW will recall nearly 200,000 vehicles in China because of flawed airbags, according to the country's quality regulator and the company.

Some 168,861 imported cars produced between December 2005 and December 2011, and 24,750 vehicles produced locally between July 2005 and December 2011 will be recalled, according to a statement posted Friday on the official website of China's General Administration of Quality Supervision, Inspection and Quarantine (ASDIQ).

Gas generators in the defective airbags of the recalled cars could break unexpectedly, creating debris that poses a threat to riders' safety, ASDIQ said.

The company will replace the flawed gas generators in the airbags for free, it said.

Earlier this month, BMW China said they would recall some 22,543 imported BMW and Rolls-Royce vehicles also with flawed airbags.

The airbags in some imported BMW and Rolls-Royce cars produced between 2011 and 2012 might not deploy properly due to a programming error, the company said.