

Channel NewsAsia Online; 26 September 2011; Eurozone should not expect too much from BRICS : analysts

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1155657/1/.html>



channelnewsasia.com

A MEDIACORP Interactive Media

SINGAPORE: Investors cheered when the G20 economies at the weekend pledged to preserve financial stability in Europe. But this was shot to pieces when BRICS (Brazil, Russia, India, China and South Africa) - arguably the most powerful of the G20 - failed to agree on a proposal to provide aid to the Eurozone. Russia's biggest lender Sberbank said even banks in the emerging economies of Eastern Europe have more appeal than those in the west, which are most exposed to the debt crisis.

With market capitalisation of about US\$59 billion, Sberbank is close to 60 per cent owned by Russia's central bank. It accounts for half of all retail deposits in Russia, a third of all consumer loans and a third of all corporate loans. Herman Gref, Chairman and CEO of Sberbank, said: "We are interested in Polish banks. There are no negotiations in place, but we believe that Poland has huge potential. From a mid-term perspective, we are definitely interested in Polish banks." Still, some economists draw a parallel between the current European liquidity crunch and the Asian financial crisis. They said Asian banks may be interested to take up stakes in flagging European banks to expand their business network, especially if they start to see more resolve and direction from European policymakers. Xu Sitao, Director of Advisory Services with the Economist Intelligence Unit, said: "From the 1997 Asian financial crisis and several rounds of bank recapitalisation - that provided a lot of interesting investment opportunities for Western banks. Now, the reverse is taking place. So I think it will be a very interesting opportunity for Asian banks who have global ambitions to participate in some of these bank's recapitalisation and privatisation." The economists were speaking on the sidelines of the Russia-Singapore Business Forum at the Marina Bay Sands Convention Centre on Monday.



Also in attendance was Singapore's Minister for Trade and Industry Lim Hng Kiang, who said that the city state's trade with Russia reached a record S\$5.2 billion last year. He highlighted Gazprom and Lukoil as Russian companies which have set up their Asian base in Singapore.

-CNA/ac