

International Business News

Maruti posts record annual sales

AFP, Mumbai

India's largest carmaker Maruti Suzuki said Tuesday that sales in the fiscal year through March jumped 13 percent to almost 765,000 vehicles.

Maruti, which is majority owned by Japan's Suzuki Motor and commands the lion's share of the fast-growing Indian auto market, said in a statement that Indian sales were "the highest ever in the history of the company."

It said it sold 764,842 vehicles in the year that ended on March 31, up from 674,924 the previous year.

The record came despite a two percent drop-off for the month of March, as rising interest rates have driven up borrowing costs.

Annual exports rose by a record 34.9 percent to 53,024 vehicles, it said.

In December, Suzuki Motor said it would launch its next new car from India, targeting European buyers, as it invests 1.8 billion dollars in making India a global production hub.

Suzuki plans to boost Maruti Suzuki's production capacity to 960,000 cars by 2010 to meet burgeoning Indian demand, which has been spurred by an economy growing at an average of nine percent for several years.



A Sri Lankan pedestrian uses a pavement phone box in Colombo yesterday.

NTT sells out in Lanka venture

AFP, Colombo

Japan's Nippon Telegraph and Telephone (NTT) sold its 35.2 percent stake in state-owned Sri Lanka Telecom for 297 million US dollars, the Colombo Stock Exchange (CSE) said Tuesday.

The purchase by Malaysia's Global Telecommunications Holdings NV ended the largest single investment in Sri Lanka by a Japanese firm.

Global, which also owns Maxis Communications of Malaysia, bought the shares at 50.50 rupees (47 US cents) each making it the biggest single transaction ever conducted on the stock exchange, CSE officials said.

Sri Lanka Telecom (SLT) shares had traded at about 40 rupees before the sale was announced and rose 15.8 percent to 48.00 rupees in intraday trade Tuesday on a statement by Global Telecommunications it would be willing to buyout the remaining shareholders at 50.50 rupees.

Sri Lanka Telecom, was privatised in 1997, when the government sold a third of the company to NTT for 225 million dollars. The government retains 49.5 percent of SLT, with the balance held by the public and employees.

"That means NTT makes a capital gain of 75 million dollars after 10 years," Arjuna Dassanayake from DFCC Stockbrokers, the selling broker of the deal said.

US, Australia ink open skies pact

AFP, Washington

The United States and Australia on Monday inked an open skies aviation agreement eliminating restrictions on air travel between the two allies that would lead to lower fares, officials said.

Visiting Australian Prime Minister Kevin Rudd witnessed the signing of the agreement at the US Department of Transport in Washington, hailing it as a "new era" in trans-Pacific aviation links.

"Its aim is to make it easier and cheaper for even more people to make the air journey across the Pacific to add more strands to our ties," he said.

Even before the pact was signed, Virgin Blue Holdings Ltd., the Australian low-cost airline partially owned by British tycoon Richard Branson, said its long-haul international carrier, V Australia, would launch non-stop services between Australia and Los Angeles in December.

The accord breaks the longstanding monopoly of the direct route enjoyed by US carrier United Airlines and Australia's Qantas Airways.

UBS reveals another \$19b subprime drama

AFP, Zurich

Swiss bank UBS revealed a second round of subprime-related writedowns of about 19 billion dollars on Tuesday, becoming the world's worst-hit bank in the US mortgage crisis.

The latest writedown was the biggest single subprime hit so far worldwide, and came on top of 18.4 billion dollars (11.7 billion euros) the bank wrote down in 2007.

It will also plunge UBS, the biggest Swiss bank, into a net loss of 12 billion Swiss francs (7.6 billion euros) for the first quarter this year after loss of 4.4 billion Swiss francs in 2007, its first-ever such loss.

The bank also said it wanted to raise 15 billion Swiss francs of new capital, and that it was changing its chairman.

The last writedowns for 2007 had already forced the bank into a controversial rescue recapitalisation by a Singapore sovereign wealth fund and by an unnamed investor in the Middle East.

The overall writedowns by UBS so far of 37.4 billion dollars are far greater than those of American banks Citigroup (21.1 billion dollars in 2007) and Merrill Lynch which has booked 19.4 billion dollars in writedowns.

INTERVIEW

Power to Bangladesh

SHARIF KHAN

Bangladesh is the world's fastest growing small gas engines market for power developers, says Stephen R Bolze, president of Power Generation Division of global power giant General Electric (GE) Company.

"In the last six months, we had orders to provide 20 'Jenbacher' gas engines-- each with three megawatt generation capacity-- for various power schemes under the Rural Electrification Board (Reb)," Bolze told The Daily Star yesterday.

The GE, through its local agent Orient has sold around 100 such Jenbacher engines totaling 250 mw generation capacity in Bangladesh so far. He says this number will climb up to 200 by 2009.

"Why is that? Because these small gas engines can be used off the national grid. These are small and compact. It can operate on natural gas as well as bio-gas, sewage, corn gas etc and this engine has the highest efficiency in producing power from minimum usage of gas," says Bolze, who arrived in Dhaka yesterday morning on his private jet from GE's headquarters in New York to talk business with various power companies.

Other than selling gas

engines, the GE has sold gas turbines of 500 mw capacity in Bangladesh so far. Some bidders of the Sirajganj and Bibiyana 450 mw power projects have also held primary discussions for supply of turbines for these projects.

"Our experience in Bangladesh for the last 10 years is very good," he said.

Such a wide presence now demands that GE will open, jointly with its local agent Orient, a repair service station for all GE Jenbacher devices. "The detailed plans for this service investment will be available within six to nine months," Bolze noted.

He said Bangladesh was pursuing the right power policy at the moment to handle its power crisis.

"You need to have some large gas turbine-based power projects to handle base load of power. At the same time, smaller engines should be encouraged to promote rural electrification," Bolze pointed out.

Acknowledging the fact that there will be gas supply shortfall from 2011-12 onwards, he noted that within that period explorations and developments can add new gas sources to cater to its future power demands.

But more importantly, Bangladesh should now start tapping coal based and coal

gasification power prospects. "Coal based power needs time, but these will be large scale projects. Natural gas is good for short term power generation," he pointed out.

GE is also currently developing a 650 mw power plant run by gasification of coal from its deposit in the USA.

"Our coal gasification technology is very environment-friendly. Its emission level is near to that of natural gas-fired power plants," he said.

Again he suggested that Bangladesh can also opt for bio-gas based power plants which can be installed very quickly. "About 30 percent of the Jenbacher gas engines world wide operate on bio-gas," he quipped.

Founded by inventor Thomas Edison in 1898, the GE stands as number one in gas turbine technology. With an annual turnover of 18 billion dollars, GE Power is heavily investing in developing wind and solar power technologies.

He gave a rough estimate that presently the world consumes 5000 gigawatts (gw) of power daily, of which the USA alone consumes 1000 gw. "Within the next 20 years time, the world demand for power will double. In developing countries, this demand will be tripled," the GE Power chief said.

Of this global power sce-

nario, 50 to 60 percent is thermal power-- mainly generated by coal. It is followed by power generated by gas, oil, nuclear, hydro and renewable technologies.

"Coal and gas will continue to be big source in the future," he pointed out, "meanwhile, wind and renewable power is also growing. In fact, right now there is supply constraint for wind power. Our wind power business tripled in the last four years and the cost of wind power is declining."

But solar power continues to be expensive. "But it is drawing increased attention in Germany or Spain. GE is investing heavily in solar power related research on its own and also by joining hands with different governments," he said.

He added that coal fired power now costs US 5 to 6 cents globally, gas 6 to 7 cents, wind 8 cents and solar 30 to 35 cents. "But in the last 10 years, the price of wind power fell by 50 percent. So we believe in the coming future, the price of solar power will also drop," Bolze pointed out.

The GE did not focus much on solar power in Bangladesh, though this technology has become very popular in remote coastal locations of the country. Bolze says it will focus on solar power in the country in the future.



Stephen R Bolze, president of Power Generation Division of global power giant General Electric (GE) Company, says Bangladesh is the world's fastest growing small gas engines market for power developers.

SMALL BUSINESS

Business development is Sultana's motto

SAYEDA AKTER

It runs to 1100 pages and weighs more than two and half kilos, and for many it remains a key guide to the country's business.

Organised by sectors from agriculture to pharmaceuticals, the Bangladesh Trade Catalogue (BTC) provides the address, phone numbers and email addresses of tens of thousands of companies.

Yet behind the directory is not a large publishing house or media group but a woman, Sultana M Chisty, who has struggled for almost a decade to produce the annual directory.

"A developing country like Bangladesh, where business is growing fast, needs a trade catalogue that can present an overview of all the actors in a sector," Sultana said.

Like many women running small businesses, Sultana was determined not to be financially dependent on her husband. To start with she earned small sums writing books and sending poems and short stories to several national newspapers, such as Ittefaq, Sangbad, Bhorer Kagoj. But in 1995 she raised Tk10 lakh

through the sale of property and ornaments to start up a travel agency.

The travel agency struggled to get off the ground and two years later she started a new business designing book cov-



ers. However while in London to see her sister in 1998, Sultana visited some women's book clubs and saw ladies carried trade catalogues from their own towns.

"Later I saw it again in Nepal and I started thinking why don't we have this kind of directory in Bangladesh?" Sultana said.

In 1999 she wrote to the commerce ministry for per-

mission and the ministry suggested that she make the catalogue in collaboration with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), country's premier trade body. Later that year the country's first trade catalogue was published.

"It was not only about making money for the family, but about doing something that was useful and would help business development in the country," Sultana enthused.

"The goodwill and demand the book generated encouraged me to keep going," she added, but there were hard times too, with tight budgets and irregular advertising payments from business houses. Moreover collecting and checking information was time-consuming.

"I had to go door to door looking for businessmen and bureaucrats in order to publish the catalogue in a timely way" she said.

The catalogue is a complete overview of the country's 38 categories of business including agricultural products, airlines and travel, banks and insurance, housing, telecom, chemical products, computer,



Sultana M Chisty (left), sponsor of the Bangladesh Trade Catalogue, talks to a staff at her office in Dhaka.

education, hospitals, apparels and textile.

Six issues were published with Sultana claiming that 60,000 copies of the 2005 edition were printed.

But in 2005 publication ceased. A bitter commercial dispute with the FBCCI and poor health meant Sultana could no longer put the cata-

logue out. "With the catalogue not being published my offices were looted with all my computers and other furniture taken," she said.

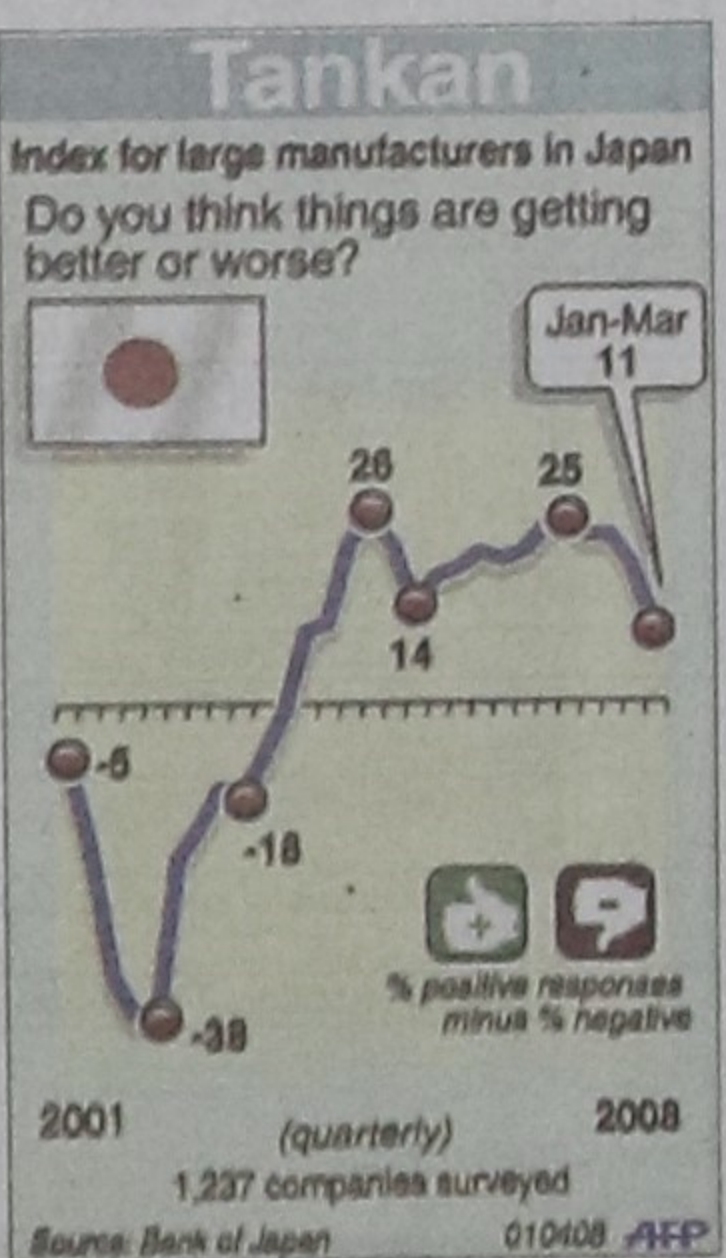
In the meantime, some people tried to publish a rival catalogue by copying the book's information, fonts and design.

Now however Sultana is back and plans to publish a new edition this June with the support of the Export Promotion Bureau (EPB).

"I don't care about recognition, but I know I have to complete my duties to support our economic growth in my own way," she said confidently. sayeda@thedailystar.net

GLOBAL ECONOMY

Japanese executives gloomiest in years



AFP, Tokyo

Japan's top executives are the gloomiest in four years due to a surging yen, high oil prices and a weaker global economy, the central bank said Tuesday, raising fears of a looming recession.

With a record-breaking profit streak for corporate Japan expected to come to an end this year, many companies are looking to scale down spending on new equipment and factories, the Bank of Japan's Tankan survey showed.

Confidence among major manufacturers tumbled to 11 in March from 19 in

December, slightly worse than market forecasts for a figure of 12, according to the poll, which covers a total of more than 10,000 companies.

"Corporates are becoming increasingly cautious given rising cost pressure, the rapid yen appreciation, and the deteriorating outlook for the global economy," noted Lehman Brothers economist Hiroshi Shiraiishi.

It was the second straight quarterly decline, pushing sentiment down to the worst level since December 2003.

Japan's corporate sector has been a key driver of the recovery in the world's second largest economy after a

decade-long slump.

Helped by a weak yen and brisk exports, companies have racked up record earnings in recent years and invested heavily in new equipment and factories.

But many firms are now looking to scale down capital spending to cope with an expected drop in earnings, raising fears Japan's recovery could stall temporarily.

"The outlook for the Japanese economy and growth through the first half of the year is clearly at risk now," said Glenn Maguire, chief economist for Asia at Societe Generale in Hong Kong.

"It looks inevitable that the economy will experience a mild recession," he said, predicting that worsening conditions could prompt the BoJ to cut its interest rates, which have been on hold at 0.5 percent for more than one year.

Two key drivers of Japanese growth -- exports and business investment -- were faltering, but the recession should be quite shallow because companies are in better shape than during previous slowdowns, Maguire said.

Highlighting the gloomy outlook, top manufacturers predicted a further deterioration in the headline index to

seven in June.

The confidence index for large non-manufacturers also dropped in March to 12 from 16 in December.

The indices represent the percentage of firms experiencing favourable business conditions minus the percentage of those seeing unfavourable conditions.

Large manufacturers and non-manufacturers plan to cut their capital spending by 1.6 percent in the new fiscal year that began on Tuesday, while firms of all sizes and industries anticipate a reduction of 5.3 percent, the survey showed.