

International Business News

NTT Docomo to lower fee for internet-access services

ANN/THE YOMIURI SHIMBUN

Japan's NTT Docomo Inc will lower fixed monthly fees for packet communication Internet-access services on its cell phones in October in an attempt to counter rivals such as KDDI Corp and SoftBank Mobile Corp.

The company says it will cut charges for accessing Web sites and exchanging e-mail via its i-mode service from 4,095 yen (US\$38) a month to 1,029 yen (\$9.45).

It also plans to expand its network of retail shops to attract more customers in the fiercely contested cell phone communications market.

The new service, Pake Hodai Daburu, sets the fixed monthly fee of 1,029 yen (\$9.45) on the condition that data transmission does not exceed a specified limit.

If this limit is exceeded, users will have to pay additional charges up to a maximum of 4,410 yen (\$40.5).

Concerning the expansion of its retail network, NTT Docomo plans to open about 150 new shops, boosting its total outlets to about 2,400.

NE Asian nations embrace bank privatisation

ANN/THE KOREA HERALD

In the wake of extensive financial sector reforms and financial globalisation, bank privatisation has become the norm in Northeast Asian economies.

In recent years, policymakers in Korea, China and Japan have made increased efforts to revamp functions of their state policy banks, seeking ways to further initial public offerings, industry watchers noted.

The move aims to help improve governance, efficiency and performance of the state-owned banks. More important, a privatisation policy has become an important part of a move to transform the banking industry and become a global financial powerhouse, they said.

The financial industry is strategically important as a future growth engine. Northeast Asia has become the centre of the global economy -- the region accounts for 24 per cent of the world's population, 19 per cent of global production and 13 per cent of global trade, according to the latest data.

The widespread trend of privatisation is likely to continue, and it is crucial for the government to help establish an appropriate platform for the state policy banks to undergo a smooth privatisation process, experts said.



Japan's character goods maker Sanrio employee displays Hello Kitty shaped spectacles holder stand at a recently opened shop at Tokyo's Tobu department store yesterday. Sanrio have opened a shop in Tokyo's largest department store.

Toyota shelves goal of selling 10m vehicles

AFP, Tokyo

Toyota Motor Corp. on Thursday slashed its 2009 sales forecast due to slowing demand, putting off its goal of becoming the world's first automaker to sell more than 10 million vehicles in a year.

Toyota, vying with General Motors to be the world number one, now aims to sell 9.7 million vehicles in 2009, down from a previous target of 10.4 million. That would mark a 2.1 per cent rise compared with the current year.

With sales in Japan, the United States and western Europe expected to stagnate, Toyota is pinning its hopes on fast growing emerging markets such as Brazil, Russia, India and China to drive its growth.

But even in those markets the outlook was foggy, said Toyota president Katsuaki Watanabe.

"The business environment is rapidly becoming more difficult. Things remain very uncertain, not just in the United States but in emerging countries and resource-rich nations as well," he told a press conference.

"Given the price of gasoline and the economic situation it is quite difficult to imagine a dramatic improvement in the Japanese market."

Dubai port operator profits more than double in H1

AFP, Dubai

Dubai-based port operator DP World posted on Thursday a 123 per cent increase in net profits in the first half of 2008, which hit 287 million dollars, despite a global economic slowdown.

The world's fourth-largest container port operator said its revenues grew by 32 per cent to 1,598 million dollars, compared to the corresponding period last year.

"The business has performed very well in the first half of 2008 despite a deteriorating global financial and economic background, and these uncertainties remain," DP World chief executive officer Mohammed Sharaf said in a statement.

"In the last few months the industry has reported early indications of weakening growth in some markets," he said, but insisted that DP world has "continued to perform ahead of the market."

Sharaf also told reporters that there was a slowdown in the whole industry in the markets of South Asia and China, while the Middle East and Africa continue to see stronger growth.

SHOPPING

Setting sights on Eid sales

KAWSAR KHAN

Mohammad Sabbir lazes out on a hot summer afternoon at his cosmetics and fashion accessories store at New Market. A sight to behold as he thrones in front of colourful commodities, stacked to the ceiling.

The 28-year-old is taken by surprise as he is asked if he had a few minutes to spare to comment on the state of business, aspirations and game plans that he held, in anticipation of Eid.

The hint of a frown on Sabbir's forehead reveals that despite his desire to grab a piece of the pie in the upcoming Eid market, he is uncertain about large returns.

Sabbir doubts his employer's ability to run the business and paying their monthly dues, with the present low sale margins. He however adds that they are optimistic that business performance would be better than before.

He reasons that an investment of Tk 10 lakh requires at least Tk 40,000 in total expenses a month, regardless of profits or losses. To facilitate smooth and modest business operations, an average daily sale of Tk 10,000 is required, but nowadays, sales revenue never crosses Tk 6,000-Tk 7,000 a day.

"Even though business was not satisfying in the past months, I expect Eid will bring a sea of change," said Sabbir, who is employed at Riaz Cosmetics.

All small and medium shops that see huge demand for their products during Eid are preparing to recover their losses, which they said they had incurred through the past one year from the previous Eid.

Offering a large selection of makeup, skincare products, nail care items, footwear, bags, other lifestyle products, and

CD albums, cosmetic accessories are always in demand by the fashion-conscious people of Dhaka.

Moving onto to another part of the city, the scenario is more of the same at bustling Bashundhara City Shopping Mall.

"Generally, sales increases ahead of the Eid festivities by three to ten times. However, actual sale margins will depend largely on how well a business can prepare for the festival," said Zahir Alam Zakir, an executive of Jims Gallery, a cosmetics shop at Bashundhara.

He says cosmetics are so diverse and their models also change so frequently that products have a short shelf life and become obsolete resulting in a stockpile. Profits are positively correlated with the range of products available for sale, indicating that customers prefer options and choices.

In a bid to remain competitive, Zakir says he is scheduled to fly to Bangkok next week, as most items are now imported from China, Thailand and India.

He also chimes that all his fellow shopkeepers are waiting to profit from the Eid market, which is due to gain momentum after the 15th day of the month of Ramadan.

The mass volume of customers that flock to the market misleads people to believe that sales are very good for the shopkeepers. Ruhul Amin of Nagar Saree Bitan at the shopping complex clears ambiguity by reasoning that the presence of more than enough shops in the complex increases their competition.

He adds since relatively well off shoppers come to the complex, he is decorating his store with costly sarees, mainly embroidered silk sarees from India, mainly targeting the festival.

He states that Eid shopping



Eid shopping sets in ...

has already begun to some extent and will soon speed up after the end of this month, after people would get their monthly paycheque.

Amin also says a section of customers also prefers to avoid the Eid shoppers crowd. They shop early.

In the market for footwear, new designs have also started to arrive on the shelves of the shops. "We are getting attractive new footwear designs, mainly from China for Eid," said Abdul Matin Bhuiyan, owner of Sundarban Shoes at New Market.

"In my shop, now more than 50 percent shoes are from China while it was not more than 10 percent five years ago," Chinese-made shoes have outshined local ones, he says.

Another salesman, Asaduzzaman of Laila Shoes in

the same market, says sales will obviously rise but they are not sure if they can make any substantial profits.

Reminiscing the past, Asad says, "We once sold products at high profit margins as people had more purchasing power, but now we have to sell products with minimal profits since customers pinch their pennies after meeting their day-to-day obligations, worsened by spiralling commodity prices."

In a not-so-related industry, Hasan Mahmud, proprietor of Surer Mela, a music production house, says they are making new audio music albums for the festival. People want to invest in new music albums during Eid and their sales will also increase, Mahmud says.

"Around three to four hundred new albums flood the

market during Eid," says Mahmud.

On the other hand, while shopkeepers are busy preparing to tackle the tsunami of Eid customers, travel and tour operators share a positive stance. They already have handsome bookings for holiday packages for the upcoming Eid holidays.

"The rush for travel during the Eid vacation is so intense that all the standard hotels and motels in Cox's Bazar, Bandarban, St Martin's and Sundarbans have already been booked in advance, until 15 days after Eid, says Taufiq Rahman, chief executive of Journey Plus, a tour operator.

This year Eid is expected to take place at the end of next month.

"All our offers for Eid has attracted a huge response,"

says Rahman, adding that after Eid, his company will operate tours of 300 to 400 people to the domestic tourist spots and 150-200 people to overseas countries.

As the trend for the Bangladeshi middle class to travel during Eid is on an upscale, the sector people also offer several lucrative inbound and outbound tour packages.

"Not too many people travel outside to do their Eid shopping, but many travel to enjoy the vacation," says Syed Mahbulul Islam of Riverain Tours that operates trips to Sundarbans.

"Our company has many offers for the Eid vacation and we expect to get a very good response in the largest religious festival of the country."

kawsar@thedailystar.net

ANALYSIS

Thai protests shake fragile investor confidence

AFP, Bangkok

Protests that have brought chaos to Bangkok's government district will shake investors already wary of a global slowdown and prolonged political uncertainty in Thailand, industry experts say.

Many of the 35,000 protesters who stormed through the Thai capital earlier this week are now camped out in the main government compound - a sight unlikely to reassure investors considering pumping money into Thailand.

The Stock Exchange of Thailand has lost nearly 18 percent since the People's Alliance for Democracy (PAD) began protesting at the end of May demanding that Prime Minister Samak Sundaravej step down.

"The political situation in Thailand now is not good at all. It is not good for investment or tourism," said Chen Namchaisiri, chairman of the Garments Industry Club, a member of the Federation of Thai Industries.

"It is not going to be good for Thailand's development in the long term."

The upheaval is the latest chapter in years of turbulent politics, which peaked with the 2006 coup that removed business-friendly prime minister Thaksin Shinawatra.

Global factors including the slowdown of the US economy and soaring fuel prices



Buddhist monks sit with anti-government protesters during a demonstration inside Government House in Bangkok yesterday. Analysts say the protests will shake investors in Thailand, already wary of a global slowdown.

have also taken their toll, and the central bank has revised down its economic growth forecast for this year from 5.8 percent to 4.3 percent.

"This come at a time when investors already had their energy sapped by global economic uncertainty," said Song Seng Wun, a regional economist at CIMB-GK investment bank in Singapore.

"So the political goings-on in Thailand is just going

to be another excuse for them to say well, this is a reason for us to sit this out."

Samak's election in December and the unveiling to his coalition government in February boosted investor confidence, he said, especially after a series of missteps by the military-installed government.

But recent signs have been more sobering.

Inflation in July hit a fresh

10-year high of 9.2 percent, while gross domestic product growth dipped to 5.3 percent in the second quarter of 2008, down from 6.1 percent in the first quarter.

Tourism too could suffer from this week's crisis, analysts say, although it has only slowed slightly despite the 2006 coup, a string of bombings later that year, and more than a year-and-a-half of military rule.

Foreign Minister Tej Bunnag has attempted to play down the economic threat posed by the rallies by the PAD movement, which despite its name is trying to bring down the elected government.

"While the demonstrations may have some effect on Thailand's tourism industry and economy, the foreign minister hoped that the situation will not escalate and turn violent as this would not benefit

the kingdom," his ministry said.

"The Thai economy is currently doing well, with the government trying to introduce further stimulus measures to ensure that the economy continues to expand during the second half of this year."

Some industry experts say that Thailand -- with its 18 coups since end of absolute monarchy in 1932 -- knows how to weather a bit of turbulence.

"The current protest led by People's Alliance for Democracy causes little concern among automotive industry members," said Surapong Paisitpatanapong, spokesman at the Automotive Industry Club.

"We worry more about the government's policy and the current economy. We have seen several protests, military coups and other political activities in Thailand. Eventually, all ended with another election."

On Thursday, Samak vowed to end the siege of Government House by peaceful means, and as long there is no bloodshed in the streets, Song Seng Wun said, investors will not abandon Thailand entirely.

Stocks dipped 1.37 percent Tuesday after the recent protests erupted, but were up again Wednesday and at mid-day Thursday, albeit on light trading.