## International Business News

### British bank Lloyds TSB announces HBOS takeover

AFP, *London*

British bank Lloyds TSB announced on Thursday it was taking over distressed rival Halifax Bank of Scotland (HBOS) in a 12.2-billion-pound (15.4 billion euro, 21.8 billion dollar) deal.

The landmark all-share deal, effectively a rescue plan for Britain's biggest mortgage lender, comes after HBOS shares plummeted in recent trading following days of global economic crisis.

Together, the banks hold nearly a third of Britain's savings and mortgage market but competition watchdogs will not block the deal as it was backed by the government.

Sir Victor Blank, chairman of Lloyds TSB, said the deal offered a "good deal for customers and shareholders" while his HBOS counterpart Dennis Stevenson said it was "the right transaction for HBOS".

HBOS shares were down 19.2 percent at the close of trading on Wednesday, against the backdrop of the dramatic collapse of US investment bank Lehman Brothers, nationalisation of US insurance giant AIG, and shock after shock in financial markets.

The deal was described by regulator the Financial Services Authority (FSA) as "a welcome move as it is likely to enhance stability within financial markets and improve confidence among customers and investors".

### Toshiba to slip into operating loss in first half

AFP, *Tokyo*

Japan's Toshiba Corp. will likely post an operating loss in the first half and significantly downgrade full-year forecasts as its chip business deteriorates, a report said Thursday.

A global slowdown is weakening demand for Toshiba's chips used in home electronics, while a supply glut is lowering prices of flash memory chips for mobile phones and portable music players, the Nikkei business daily said.

The electrical giant expects to suffer an operating loss of some 30 billion yen (290 million dollars) in the six months to September as a global slowdown hurts demand for microchips, the newspaper said.

The loss would be a turn-around from a year-before profit of 82.5 billion yen and the first time in five years the group has posted an operating loss for a first half.

Toshiba, whose businesses include US nuclear power plant maker Westinghouse, had earlier projected an operating profit of 70 billion yen.

Toshiba in a statement would not confirm the report, saying it was still compiling earnings data.

AFP

**Jim Balsillie, co-chief executive officer of Reasearch In Motion (RIM), poses with a huge replica of a Blackberry Bold phone during the launch in Mumbai yesterday. The new Blackberry smartphone from the RIM stable will be available in India through telecom service provider Airtel and priced at $750.**

### Japan's Hitachi, Panasonic join hands on plasma TV

AFP, *Tokyo*

Japan's Hitachi Ltd. said Thursday it would join Matsushita Electronics Industrial Co. Ltd. in the plasma televisions market, in a bid to revive a money-losing operation.

The flat-television industry has been undergoing rapid transformation as the high-quality screens become more affordable for consumers.

Hitachi will procure glass panels -- a major component in plasma panels -- from Matsushita for television models to be launched in the next business year starting in April 2009, a Hitachi statement said.

Matsushita, best known for its Panasonic brand, is the world's largest plasma television maker.

The Hitachi group has until now produced plasma-display televisions on its own, from making the panels to assembly.

"Amid fierce competition in the flat-panel television market, however, Hitachi decided to change part of its production and development of panels" and procure the key component from Matsushita, the statement said.

### Air China eyes top-end fliers amid rising fuel costs

AFP, *Beijing*

Flag carrier Air China is eyeing high-end passengers in a bid to counter challenges posed by growing fuel costs and a slowing global economy, a report said Thursday.

Foreign airlines are usually more attractive to international business travellers because they offer better flight connections and richer frequent-flier benefits, according to the Wall Street Journal.

But being the sole passenger-airline partner of the Olympics has forced Air China to improve its performance and thus made it more confident it can compete with foreign rivals, the report said, citing company chairman Kong Dong.

"The Olympics were a catalyst for upgrading our service," Kong said.

FESTIVITY

# Tech alters ways of greeting

MD HASAN

In the era of booming mobile phone technology, it has now become a matter of debate whether your way of wishing by paper card to someone special was better before than now. Some prefer short messages from a handy device to paper-card greetings.

But when a leading mobile operator says its network disrupts during any festival period due to doubling SMS volume mainly because of customers' intention to greet their loved ones, it does make sense.

It means technology changes lifestyle.

Sending simple slips of paper greetings cards to wish one another are now the thing of the past. Though traditional paper card greetings are tangible and give scope to personalise it, e-card and short message service (SMS) are taking over the trend.

It could have happened little bit unconsciously. Your hand frequently moves to mobile or computer keyboard during any festival time to greet social circles that you belong.

Airing feelings has been in practice since 1997 in Bangladesh, when Grameenphone launched SMS for the first time. Subsequently, the thumb device had become more popular, especially among the teens accustomed to greeting their vast social circle in any festival.

Mobile phone industry insiders estimated that 44 million customers of six mobile operators generate around 15 million SMS every day.

So, it happens what it should be. Despatch of greetings by e-mail and mobile phone has reduced the business of paper cards by almost 50 percent.

"Average sales of paper cards have dropped 50 percent in a span of few years and it is because of the emergence of mobile phone and internet technology," said Ziauddin Ahmed Kawsar, the proprietor of Archies Gallery at Hatirpool.

During the recent Friendship Day, his shop's paper card sales dropped significantly, he pointed out. "I bought friendship cards worth Tk 40,000. Of those, cards worth Tk 10,000 were not sold."

Sitting just on his opposite location, Md Zakir Hossain, the proprietor of Hallmark, another popular gift shop, said easy access to advanced technology changes the way of greetings.

In the recent past, people used to prepare lists of friends, relatives and others for sending festival cards like Eid. The selection of the cards varies in accordance of the nature of relationship.

But now, people do not have time to buy a card and go to post office to post it. They like to send SMS containing texts, pictures or animation to greet their relatives and friends.

"Text messages have become a very popular medium of sending and receiving greetings on special days like Eid, New Year and other holidays. The volume of text messages more than doubles during special occasions like Eid," said Syed Yamin Bakht, director (public relations) of Grameenphone, the leading mobile phone operator having 20.84million customers.

The second mobile market leader Banglalink officials said usually it handles 5.5 million SMS a day and the volume during festival time, especially Eid, increased to 12.5 million per day.

The internet users in Bangladesh largely use internet greetings sites such as eidmubarak.com or eidgreetings.com. Users can wish their near and dear ones by these sites for free.

"I used to send e-card to my friends on any occasion like friendship day or Eid," said Tania Hossain, a second year student of BRAC University.

She, however, said, "To me paper card is very special because of its physical existence." "It can be stored as archive of feelings, whereas SMS does not have that flavour."

Besides SMS, mobile operators also provide internet facilities through which customers also send greetings. The local value added service providers are now passing busy days to give Eid greeting services to the mobile operators.

Citing the example of 'GP World' service, Md Sharif Uddin, technical director of Inforev Limited, a local content provider, said, "We are providing an exclusive service to Grameenphone. Grameen's internet users can wish their dear ones by sending e-card from GP World web page."

However, despite having dynamic feature of SMS or e-card, paper card might be sustained in a sense of exclusivity, paper card traders say confidently. Although paper card sales dropped, sales of occasional gift have increased.

Hallmark proprietor Hossain said the new generation is yet to give up the traditional practice of presenting something special to loved ones. "If you calculate the total sales of our 70 outlets across the country, it has so far been satisfactory."

He said the teenage groups are willing to celebrate any occasion, from Friendship Day, birthday to Valentine's Day. So the options are many for celebration here and demand for paper cards also gains momentum, Hossain went on.

On the other hand, the corporate sector still relies on printed cards for greetings. During the mega festival like Eid, corporate houses order for a significant number of cards, which also helps retain the usage of paper cards.

Even from software entrepreneurs, paper cards still get goodwill value. "I personally prefer paper cards because of its intangible feature and exclusivity as well," said Habibullah N Karim, president of Bangladesh Association of Software and Information Services (BASIS).

"When I see someone unknown wishing me through e-card, it does not create extra feelings for me," said the software maker. "I think it comes as I am in the sender's mailing lists. But when an anonymous paper card comes to my office, or home, it is a bit lucrative to me and I used to open it."

hasan@thedailystar.net

AMRAN HOSSAIN

**A shopper checks a greetings card at an outlet of Hallmark in Dhaka yesterday.**

COLUMN

ZAIDI SATTAR

# How about better business for consumers?

In a post-budget write-up on this page, I mentioned that the FY09 Budget was generally pro-business but biased in favor of production of import-substitutes over exports. Now, I would like to argue that the tariff structure it put in place did much to prop up producer profits with precious little for consumers to be excited about. This could be a case of benign omission rather than willful design. Let us not forget that consumers are the entire population of Bangladesh -- 150 million strong. Producers of manufactured goods in particular -- the main beneficiaries of the latest tariff adjustments -- would not make up 1 percent of the population. Let us acknowledge the fact that they are much better organised and have far greater lobbying power than all the consumers of Bangladesh.

**Budget FY08-09: Tariff slabs (%) and commodity categories**

| FY09 | FY08 | Commodity categories |
|---|---|---|
| 25 | 25 | Final consumer goods (often supplementary duties added) |
| 12 | 15 | Intermediate goods |
| 7 | 10 | Basic raw materials, capital goods |
| 3 | 5 | Capital machinery |
| 0 | 0 | Ranges from raw materials to final consumer goods |

Source: Budgets of FY08-09, NBR

The buzzword around town since 1/11 has been that the high-gear anticorruption drive has been bad for business. Investment is stagnating, profits are down, and business and industry is hurting, we are told. In these circumstances, but appropriately for the longer term, the formation of Bangladesh Better Business Forum (BBBF) headed by the chief adviser with full backing of the army chief has been a welcome initiative. The forum membership reads like the who's who of Bangladesh business and industry.

True to its objective, BBBF working groups went to work in right earnest in a bid to pare down mindless bureaucracy and mostly superfluous administrative barriers that are known to raise the cost of doing business, and stifle business initiative, enterprise and innovation. In a rare display of high-level government commitment, the CA chaired four out of five meetings of the forum. BOI, the secretariat for BBBF, has been tracking the progress of implementation of recommendations. As many as 52 out of 113 BBBF approved recommendations have already been implemented. Many knotty issues relating to NBR, customs, and Bangladesh Bank have been cleared up within a framework of public-private cooperation. Some reality check on the ground might be needed before anyone can come to a judgment as to whether these moves have produced the desired outcomes. Nevertheless, these measures must have helped to lift Bangladesh a few notches up the ladder in three indicators of the World Bank-IFC Doing Business Survey 2007, released recently.

In the budget of FY09, tariffs on intermediate goods (15 percent to 12 percent), capital machinery (5 percent to 3 percent), and basic raw materials (10 percent-7 percent) were brought down with a view to reducing production costs and raising profitability. Barring a few instances of persistent tariff anomalies, these adjustments were widely hailed by the business community who got some relief from the effects of rising international prices. Their collective action in dealing with policymakers bore fruit.

Did we not forget the consumer in all of this? At a time of high inflation and declining purchasing powers of households all around, who else but the policymakers must come to their aid. In a high tariff regime -- which Bangladesh is -- tariffs impact on producer incentives as well as consumer decisions. To be fair, consumers have not been totally overlooked. We are aware of the mid-year remission of tariffs on essential food items like edible oils, rice, wheat, lentils, sugar, and the like. This was necessary and timely. But those adjustments addressed a specific group of importables and brought some needed relief to households. In all fairness, this approach should have been carried through in the broader tariff adjustments in the FY09 budget.

The top rate of 25 percent has remained unchanged. Essentially, effective protection -- a tax on the consumer, a subsidy to the producer -- was raised. So there was little for the consumer in those tariff adjustments, which focused mainly on production for the domestic market. It helped raise profitability, but there is no guarantee that this will ensure greater competitiveness -- something that would benefit consumers and also make our products internationally competitive. Reducing tariffs on raw materials and intermediates will not prompt domestic producers to cut prices on products they sell in the local market, from toothpaste, to plastic chairs, to color television. Businesses did not suggest cutting back the top rate by a few percentage points while the rate on inputs were being pared down. Do consumers have any assurance of better business that would benefit them?

I am reminded of the famous thesis of late Professor Mancur Olson that it is more difficult for large groups (consumers) to organise for collective action compared to groups that are relatively smaller (producers). The silent consumer was not heard. I believe Consumer Association of Bangladesh missed the point completely.

*The writer is vice-chancellor of The Millennium University and director of Southeast Bank Ltd.*