

International Business News

EU proposes 5-billion-euro drive for green cars

AFP, Brussels
The European Commission on Wednesday offered five billion euros (6.5 billion dollars) to help auto makers make safer and greener cars, an initiative to be funded by the EU, industry and member states.
The scheme is part of a broader 200 billion euro European stimulus package announced by EU commission chief Jose Manuel Barroso to rescue Europe's ailing economy.
"What we have to do for the car industry is to help it transform into a more modern industry, more friendly to the environment and in fact adapting it to the new trends in overall demand," Barroso told a press conference in Brussels as he unveiled the package.
The "European green cars initiative" will include research on new technologies "and smart energy infrastructures essential to achieve a breakthrough in the use of renewable and non-polluting energy sources, safety and traffic fluidity," a commission document said.
The scheme, worth at least five billion euros according to the commission, will be financed by the EU, the European Investment Bank (EIB), industry and the member states.

Singapore economic woes worsen as output tumbles

AFP, Singapore
Economic woes in recession-hit Singapore worsened Wednesday as government data showed manufacturing output shrank an annual 12.6 percent in October.
Analysts said the plunge in output signalled the worst possible start for Singapore in the fourth quarter. The city-state is already reeling from slumping exports in the face of a US-led global downturn.
On a seasonally adjusted month-on-month basis, industrial output plunged 12.7 percent from September, the Economic Development Board (EDB) said in its monthly report.
The fall was worse than the average 8.1 percent decline forecast by eight economists in a Dow Jones Newswires poll.
Sharp contractions in the key biomedical and electronics industries led the declines but other sectors also fell. Only transport engineering and general manufacturing industries, which include food and printing, expanded last month, the EDB said.
Biomedical output tumbled 30.6 percent in October from last year, pulled down by double-digit falls in pharmaceutical and medical technology-related output, it said.



AFP
School students look at a miniature airport model on display at an exhibition in Mumbai yesterday. The 30 foot by 25 foot miniature is on display to teach students the workings of commercial airports. India needs to spend \$9.6 billion over five years to improve the country's airports.

Japan's Norinchukin Bank plans huge capital hike

AFP, Tokyo
Norinchukin Bank, the de facto central bank for Japan's farm and fishery cooperatives, plans a huge 10.5-billion-dollar capital hike to shore up its finances, a report said Wednesday.
The bank, which issued a profit warning earlier this month, is expected to boost its capital base by more than one trillion yen by March, the Nikkei business daily reported, citing unnamed sources.
It would be the biggest capital hike yet by a Japanese bank during the current financial crisis.
Norinchukin said this month it had booked a loss of about 100 billion yen in the first half of this fiscal year on its securities holdings due to recent market turmoil.
The bank invests the surplus funds of Japanese agricultural, forestry, and fishery cooperatives in world financial markets and passes back any profits to its members.
Norinchukin said last month it had spent 30 billion yen to buy a 0.5 percent stake in France's Credit Agricole SA, becoming the latest Japanese bank to buy into a struggling Western counterpart.

Merkel presses German banks to use rescue package

AFP, Berlin
German chancellor Angela Merkel hit out Wednesday at banks for being too proud to tap Berlin's 480-billion-euro (625-billion-dollar) rescue package and lend more money to recession-hit firms.
"Confidence between banks is still not at the level that it should be," Merkel said in a speech to parliament during a debate on the federal budget, saying that banks should not refuse help based on "false prestige."
"It is the responsibility of financial institutions to give loans to companies that need them," Merkel said.
Merkel's rescue package provides up to 80 billion euros to banks needing fresh capital and allows for up to 400 billion euros worth of loans to be backed by cast-iron government guarantees to kickstart frozen lending.
But since the measures were rushed through parliament in October few banks have made use of them, particularly in the private sector, fearing that being seen to need help from the government would tarnish their reputations.

ENTREPRENEURSHIP

Living off wire mesh

REPAYET ULLAH MIRDHA and DIETER BACHMANN, back from Sonargaon, Narayanganj

Demand for thin wire net has gone up in the domestic market, driven by the changes in lifestyle and vibrancy in the construction sector.
Nowadays, most of the windows are covered with such nets in order to protect house-inmates from unwanted bites of mosquitoes and flies.
Moreover, welded wire mesh is used in industry and agriculture, building and transportation. Also, the item is being utilised as egg baskets in poultry houses, draining racks, fruit drying screens and fences.
The high quality iron wire is its raw material, the demand of which is met by not only by giant industrial suppliers, but also by some new young entrepreneurs in Darpat, Chillerbagh, Dighirpar and Baghmusa, some char-like remote villages under Sonargaon Police Station in Narayanganj district.
Wandering around the elevated, dam-like walkways of that rural area, a visitor can easily discover a production site for nets sooner or later.
The small industry has sprung up in the area, which is flooded during the rainy season and remains submerged for a long time, in a span of 20 years. Now there are at least five hand-run weaving machines in almost all houses. Hundreds of people have adopted this business as a means of changing their lot.



A wire-net weaving enterprise at Sonargaon in Narayanganj.

Usually, the inhabitants of the waterlogged villages can hardly grow enough food for maintaining their families all the year round. So, as an alternative livelihood, these villagers have leaned towards making nets, they say.
At the very beginning, this business was limited to a few families, said Al Amin, an owner of six hand-run weaving machines at his house.
The youngest among around 250 entrepreneurs, who is only 24, started his business in 2000 with a meager amount of Tk15,000 by setting up a machine. He borrowed the amount from the local office of ASA (Association for Social Advancement), a non-governmental organisation who funds micro-entrepreneurs.
"Later, I expanded my business

and now I am an owner of six hand-run weaving machines and have employed six workers to whom I pay Tk 3000 each per month," said Al Amin, eyeing further expansion of his business.
When asked, he said he can hardly meet the rising demand for wire net.
All the manufacturers have to go to Dhaka's Imanganj and Narayanganj for selling their products to some designated shops.
A 100-foot by 3-foot wire net sells at Tk 1,600-Tk1,900, according to Al Amin.
"Still we can make a good profit

after meeting all expenses including labour cost," he said, adding that his monthly net income stands around Tk20,000.
He said it takes more than one day to manufacture a 100-foot net in a machine. Al Amin has so far accumulated Tk300,000 as capital.
"I left my school after class eight and started working with an owner of a hand-run weaving machine as a worker and now I own several machines," he went on.
He said the manufacturers of such nets buy raw materials from

nearby mills and factories and also from Dhaka and Narayanganj.
It takes at least Tk 20,000 to set up a weaving unit, according to Akter Hossain, another owner of five weaving machines.
"I am a quite new entrepreneur. But I can make a good profit from this business because I can also employ my family members for weaving the nets," he said.
Akter set up his factory on a fallow land of his own borrowing Tk60,000 from BRAC Bank. He said he is doing brisk business as the demand for wire net is on the rise. He has already repaid his

loan and plans further business expansion.
Many unemployed villagers are employed in such net manufacturing industry and the unemployed are planning new ventures.
"We face the problem of marketing, as there is no local market for selling the products. We have to go to Dhaka or Narayanganj for this purpose," Akter pointed out. Perhaps, this is yet another business opportunity for some young entrepreneurs, he hastened to add.
reefat@thedailystar.net

FINANCIAL CRISIS

Recession fears hit Bollywood

AFP, Mumbai
Bollywood is tightening its belt in the face of the global economic downturn, as Indian cinema-goers prefer to hold onto their cash and corporate backers look for guaranteed returns for their money.
Producers and analysts say that although the Indian economy has been spared the worst effects of the banking collapse, negative sentiment and fear of contagion have still affected the 2.1-billion-dollar film industry.
That means more financial scrutiny, particularly after two recent big movies -- sci-fi fantasy "Drona" (Saviour) and the thriller "Kidnap" -- bombed at the box office.
"Some corporates have suffered huge losses and are feeling the cash crunch," said Bollywood trade analyst Komal Nahta in his magazine Film Information.
"Coupled with this is the recession abroad. That's why the practices of paying unjustified prices to stars and producers and of trading in films are likely to come to an end."

Big name players in Hollywood have been taking an increasing interest in Bollywood in recent years, with Sony Pictures, Warner Bros., Twentieth Century Fox and Disney all signing tie-ups with Indian studios.
Major Indian conglomerates have also tapped into the fast-expanding market, especially lucrative television rights, DVD and video sales and other marketing spin-offs.
But producers are having to think again if they believe funding for their projects will be unlimited and revenue from cinema ticket sales guaranteed, said Nahta.
"Corporates have slowed down and are now going to be extra particular about the films and the heroes they back," he added.
"Some corporates are reportedly going back on their contracts and relinquishing the rights of films they had acquired when the market was booming. After suffering heavy losses, it's time to become accountable."
Indranil Charkraborty, head of Mumbai Mantra, the film arm of conglomerate Mahindra and Mahindra, said the current atmosphere in the industry was one of "wait and watch".
"The fresh funds that were coming into the film industry have stopped now. They (companies) want to see the outcome of the films that they have invested in before going on with the new projects," he said.
Film producer Mukesh Bhatt said the recession fears had been exacerbated by the inexperience of many companies that dived into the film industry with little knowledge of its workings.
"The recession is for those new entrant corporate companies in Bollywood who jacked up the prices of actors without understanding the business and spoiled the market," said Bhatt, who runs Vishesh Films.
"Now many of their films have bombed so they are ducking for cover. They don't know where to go. All their future projects are in limbo."
"Every film has its own audiences and economics. These corporates didn't understand this simple business idea. Now the recession is hitting badly and they have no clue what to do," he said.



Indian cinema enthusiasts queue up in the rain outside a cinema theatre in Mumbai. Bollywood is tightening its belt in the face of the global economic downturn.