

International Business News

Under fire, EU offers softer touch on bank bailouts

AFP, Brussels

The European Commission, accused of being too "bureaucratic," was forced on Tuesday to take a softer approach to state bailouts of troubled banks under pressure from some EU governments.

Competition Commissioner Neelie Kroes told EU finance ministers that she planned to accept a broader range of measures for banks after taking flak for imposing too many conditions on bailouts and assessing them too slowly.

"The commission will ... approve before Christmas a series of additional aid possibilities to deal with the transmission of the financial crisis to the real economy," she told EU finance ministers, according to a statement.

"The new temporary framework to support access to finance in the current financial and economic crisis, includes subsidised loans for environmentally friendly products, state aid for risk capital and state guarantees.

"These measures will complement and enhance the support given to banks," she added.

Europe's top state aid watchdog was forced to be more flexible after countries including Germany, France, Italy, Spain, the Netherlands, Sweden and Austria expressed gripes with the commission's handling of bailout schemes.

Japan announces measures to ease tight credit

AFP, Tokyo

Japan's central bank on Tuesday announced new measures to tackle a worsening credit crunch that threatens to push up corporate bankruptcies and send Asia's biggest economy deeper into recession.

With Japan's interest rates already very low, the bank is turning to less conventional tools to try to unclog credit markets and help companies survive the worst global financial crisis since the Great Depression in the 1930s.

The Bank of Japan (BoJ) said it would make it easier for banks to borrow money as part of efforts to encourage lending to companies. It will offer unlimited cheap credit in return for a wider range of corporate debt as collateral.

The new steps were adopted at an extraordinary monetary meeting, where the policy board voted unanimously to leave the country's super-low interest rates unchanged at 0.3 percent, as expected.

The new measures, which will run until the end of April next year, aim to "contribute to smooth corporate funding towards the end of the financial year" to March, central bank governor Masaaki Shirakawa said.



AFP

British actor Roger Moore stands beside an Aston Martin car during a 'James Bond photocall' at Bletchley Park in Milton Keynes, on October 17. Aston Martin, the makers of luxury cars driven by royals and James Bond, said on Monday it was planning to cut 600 jobs because of falling sales amid the world economic downturn.

Merger could help in auto sector crisis: Fiat

AFP, Milan

Fiat is open to a merger if it will help the car sector recover from the financial crisis, the Italian auto giant's vice-chairman John Elkann said in an interview published Tuesday.

"(Fiat CEO Sergio) Marchionne has said it and I'll repeat it: Fiat wants to have a role, and so, if the conditions are right, a tie-up may be possible," Elkann told Italy's leading daily Corriere della Sera.

"There are no concrete plans," he said however, noting that such a move would depend partly on the outlook for the big three US carmakers, which is currently unclear.

Fiat is "also suffering right now," Elkann said, while adding that the company "could face even worse situations on its own."

Number of jobless in Spain nears 3m in November

AFP, Madrid

The number of registered unemployed in Spain rose by 6.0 percent, or 171,243 jobless, in November over the previous month, the eighth consecutive monthly increase, to reach 2,989,269 people, the labour ministry said Tuesday.

Since October 2007 the number has risen 42.7 percent, or 894,796 jobless, it said in a statement.

The ministry does not release the unemployment rate, which is measured by the national statistics institute INE. It stood at 11.3 percent in the third quarter, the highest rate in 27-nation European Union.

Deputy Labor Minister Maravillas Rojo blamed the rise on the global financial crisis, which she said "had hit in full all aspects of the economy" but she expressed confidence that government measures to fight unemployment would bear fruit.

REAL ESTATE

Firms jostle for office space

SAJJADUR RAHMAN

The lack of space in Dhaka city turned into a make-or-break factor for many organisations, now searching far and wide for a place to settle down.

Five brokers are currently charging Tk 1 lakh a month for their services.

"Space, it seems, has become a rare asset for an organisation."

This was a casual but serious comment by the branch manager of a fast growing private commercial bank in Motijheel, the city's commercial hub.

"If I vacate the space I currently occupy, the landlord will instantly rent it out at Tk 150 a square foot, from the current rate of Tk 35," says the manager, who expresses frustrations over the deficiency. He wants to relocate for quite some time now.

In fact, the scarcity of commercial space is not limited to the city's Motijheel area only. The problems are far outreaching and commercial space is scarce in other business areas as well, such as Gulshan, Banani, Dhanmondi, Karwan Bazar, and Mohakhali.

The manager says, indeed it is like what we read in textbooks, water is everywhere but not a drop to drink. There are several high-rise buildings, everywhere in the city, from old Dhaka to Mymensingh road, but upon survey, it seems those are not appropriate for commercial consumption.

"The rent for commercial space has doubled in just a year," says Sabbir Sarwar, a senior executive in a real estate company.

Now realtors demand Tk 80-Tk 120 a square feet as rent in Gulshan, Banani and Mohakhali. The rate is Tk 65-Tk 80 for space in Uttara, according to businessmen.

"The rate however varies from floor to floor. First and second floors cost higher than the other floors," Sarwar says.

Bipu, an assistant marketing manager of Amin Mohammad Foundation, a leading real estate company, and Mahbub, of Concord Real Estate, also feel the same about the phenomenal rise in rent.

According to them the rate was a mere Tk 30-Tk 40 for every square feet, a couple of years ago.

A shop owner in Rapa Plaza, a commercial market complex in Dhanmondi, demanded Tk 150 per square feet, for a 200 square feet shop in the market complex. "Is the rent too high?" the shop owner wonders.

"Demand for such space is high. My shop



STAR

People walk past an under-construction building in Dhaka yesterday. Office space seems to be a rare asset for businesses.

was booked on the very day I gave the advertisement in the newspaper," he says.

But who are these clients who rent space

at such sky-high rates?

"The rate of our economic growth may be laudable, but it is not enough to warrant

such high prices of property and corresponding rent," says Sadat Hossain Selim, managing director of Rupayan, another leading real estate company in the country.

"There are invisible businesses that are contributing to this hike," he says.

By the phrase 'invisible business activities', Selim is referring to businesses involved in money laundering.

He cited some business activities related to the share market as examples of money laundering.

He, however, says new entrepreneurs, who are involved in trading and export-import companies, are also pushing rent up.

"Non-resident Bangladeshis, who feel that it is safer to invest money here because of the recession in the US and the Europe, are also contributing to the rise," Selim says.

Bangladesh is growing at about 6 percent for the past three years, despite political instability and relatively low foreign investment.

The size of the country's economy is now worth \$75 billion.

The ready-made garments (RMG) sector in Bangladesh has been increasing consistently for the past two decades. Export earnings from the sector were \$10.6 billion, out of the country's total earnings of \$14.9 billion.

Many businesses, including backward and forward linkages and many buying houses, have set up in the country catering the garments sector.

Alongside the garments industry, banks, insurance companies and other trading companies are also being established in the country. Telecommunication and cement companies are also expanding their businesses.

If the rent cost is too high, how will a new entrepreneur enter the market?

The bank manager is not alone in his quest for space in Motijheel and his aspirations of renting a suitable location for his branch now seems far out of reach.

"I have long been looking for a small space, but there is no space for an entrepreneur like me," he laments.

Tanveerul Huq Probal, president of the Real Estate and Housing Association of Bangladesh (REHAB), says there are no guidelines for setting the rent or sale price for property, either by the government or REHAB.

"This is a competitive market and there should not be any restriction imposed on this sector, from any other sector."

sajjad@thedailystar.net

OPINION

Opportunity for Bangladesh in healthcare

ABU SIDDIQUI

After nearly 16 years, I recently travelled to Bangladesh and stayed more than three weeks, travelling, meeting people and examining the immense changes in Bangladesh. I had the opportunity to view the country, not through the eyes of a tourist, but through the eyes of an experienced healthcare scientist who felt and saw the tremendous accomplishments that Bangladesh made despite all negative movements.

I was amazed seeing the changes among the young generation toward the entrepreneurship, the role of electronic media and the revelation of information technology, the contribution of private universities and medical colleges in the education system, the improvement of communication, the evolution of high-rise buildings and big shopping malls, the role of the garments industry in Bangladesh economy -- all signs of a robust and thriving economy.

What struck me was the anxiety with which hospitals are being built and the standards of services for patients. There are no national standards by which physicians, nurses, pharmacists, and hospitals are trained and evaluated. Quality management remains an elusive dream. The cost of treatment varies much from hospital to hospital. There were not enough historical data of what it costs for the treatment of a particular condition.

Healthcare is expensive in western countries. Therefore, the insurance companies and private hospitals in the USA are encouraging patients to travel to India, Abu Dhabi, Thailand, Singapore, Greece, and Italy for treatment. US-based healthcare companies are now outsourcing their healthcare services overseas, either through joint venture initiatives or opening their own state-of-the-art hospital facilities. The goals are to provide comparable healthcare services to their own patients as well as to the international community at a reasonable cost.

Like the call centre and IT businesses, healthcare services are a promising field, especially the diagnostic and imaging services, cosmetic and regular surgery, and short-term treatments. It is time to act and develop clear strategies to motivate these

potential health care companies to expand their services in Bangladesh. It will not only create thousands of new jobs but also provide better treatment opportunity to the local people. Here are a few suggestions for consideration:

1. The health ministry, doctors, nurses, pharmacists, hospitals associations, and business schools should work together and develop a clear plan for getting attention to the potential health care companies.

2. Send highly trained professionals to the international professional meetings and international healthcare companies to promote our abilities to the international community.

3. Revise the curriculum in medical, nursing, and pharmacy schools that train healthcare professionals, so that they are trained according to the new international paradigm.

4. Encourage business schools to develop executive training programmes in healthcare, which will effectively reduce the talent gap for leadership in this area.

5. Develop and implement international-standard examinations by which doctors, nurses, and pharmacists are qualified for employment in the Joint Commission International (JCI) accredited organisations.

6. Encourage local hospitals to evaluate their services by the JCI and meet their compliances.

7. Utilise and apply medical information systems that encourage the use of evidence-based medicine, guidelines and protocols as well as electronic prescribing in inpatient and outpatient settings.

8. Develop partnerships between the western and local hospitals that design newer ways to deliver healthcare.

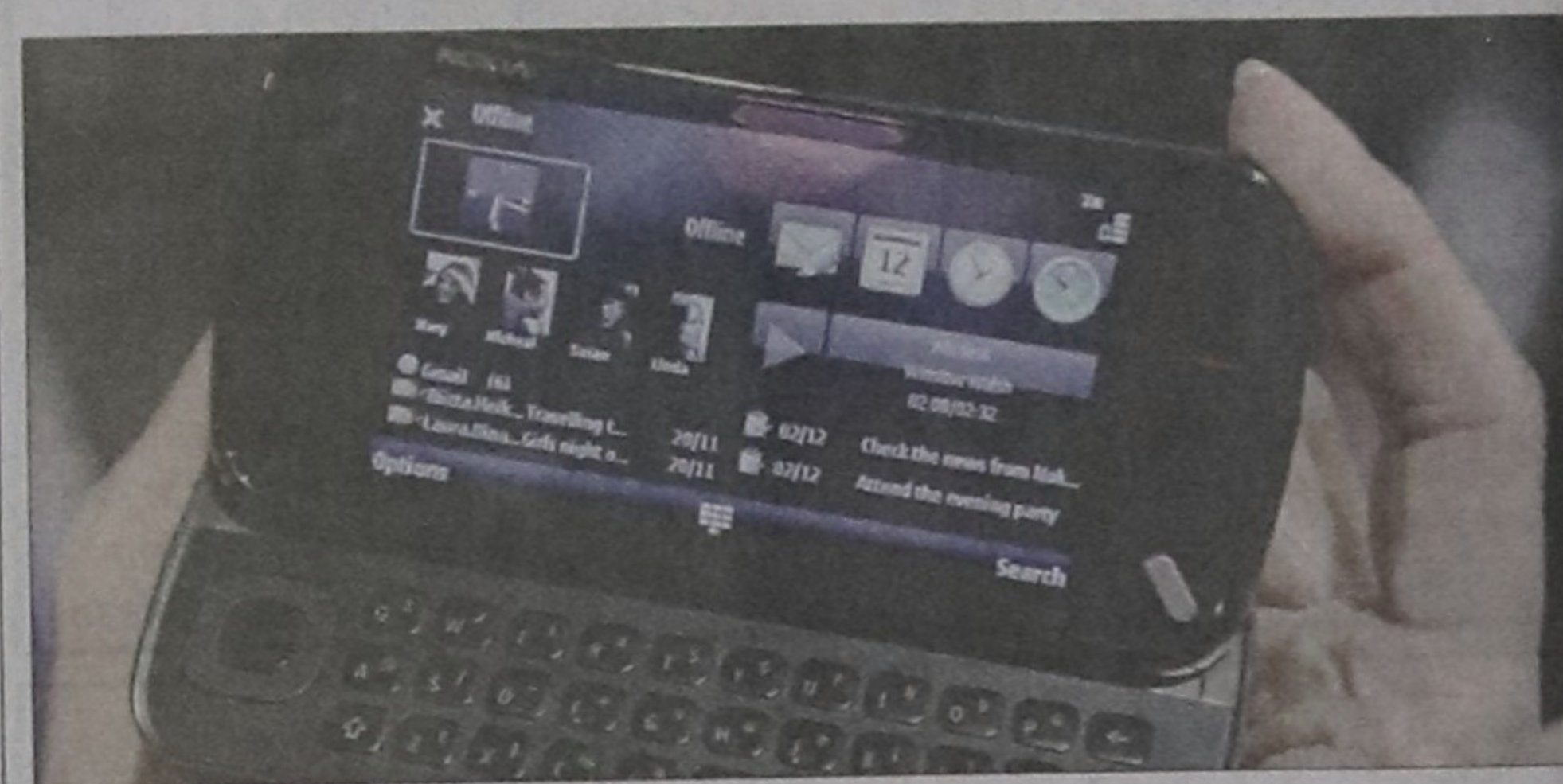
9. The government should appoint a commission, which makes recommendations for the healthcare system and monitors its performance.

It is time to think, commence the debate, develop a clear plan, and execute it. It has been done in many countries and I am confident it can be done in Bangladesh too.

The author is an immunologist working in a multinational healthcare company in the US and can be reached at abujnsid@yahoo.com.

TECH

Nokia's mobile computer



AFP

Nokia N97 is pictured during the Nokia World 2008 congress in Barcelona.

STAFF CORRESPONDENT, Barcelona

You are on a tour in a foreign land and come across a historic site. You bring out your mobile and point it to the site. In seconds, you get all the information about the site and 3D pictures and videos.

You are in your own country and walking along the street. You see a poster of a new movie. Point your mobile to the poster and you get the info about the movie and a free trailer.

That is what you will be able to do when Nokia launches its latest N97 mobile device with 'point-and-find' technology by the first half of next year. Nokia lovingly calls it a mobile computer.

The Finnish cellphone company that controls about 38 percent of the world market yesterday announced its latest product at Nokia World 2008 in Barcelona.

It could be chill and gloom in Europe because of the financial crisis, as the taxi driver from the airport was describing how his monthly earnings dropped by half and how he literally

cries for lack of money.

But the annual conference, Olli-Pekka Kallavuo, president and CEO of Nokia, sounded upbeat about the future of mobile as he said four billion people will be using mobiles by next year and already one billion of them use Nokia.

He charted how mobile has stepped on the threshold of another change in interaction via the internet by way of 'more powerful and more spontaneous' anticipation of customers' needs.

"We bring who, what, when and where together through the internet," Kallavuo said. "You have the power to tailor your internet to make life easier. You could choose what info to share and with whom."

He said Nokia has combined satellite maps with topography to create 3D landmarks. Nokia maps will show not only traffic conditions but also speed limits on different routes. It will bring a more intensive travel guide with updated weather through its N97.

But it will have a touch screen function along with an actual keyboard so that it could be used for both document-writing and emailing.

"Seventy-five percent of people have not used emails yet. Their first email experience will be on mobile," the Nokia chief said.

Nokia also launched new messaging which is a premium experience for mobile email and instant messaging that will be pre-installed onto Nokia devices. With one Nokia device, you can manage all your email and IM accounts from just one menu push technology enabled with key ISPs (Yahoo and Google) means emails are delivered to the device instantly -- there is no need to constantly go to the mailbox and search for new mails.

"The prime task of this service is to remove the web-PC-mobile barrier," the Nokia chief said.

Anssi Vanjoki, executive vice-president of Nokia, said N97 would combine the real world with the virtual world with its services by using dynamic vector graphics for map coordinates. Its tilt screen and ergonomically designed keyboard will enable real experience in computing.

The new N97 will be priced at 550 euros, excluding local taxes and subsidies.