

International Business News

Nokia to lay off 1,700 worldwide

AP, Helsinki

Nokia Corp said Tuesday it will lay off 1,700 people worldwide to cut costs, as the global economic downturn strikes deeper into the mobile phone sector.

The world's top mobile phone maker said the job cuts will affect several sectors, including its devices and markets units, the corporate development office and global support functions.

"The number of employees we have to reduce is 1,700," Nokia spokeswoman Arja Suominen said, adding that details would be announced after the company begins negotiations with employees.

Nokia shares plunged 2.5 percent in Helsinki to euro8.76 (\$11.42) after the announcement, which came as the industry bellwether continues to struggle with falling demand and handset prices.

In January, Nokia warned of major cost-cutting measures after its fourth-quarter net profit crashed 70 percent to euro576 million (\$744 million). It also lost market share, which fell to 37 percent from 38 percent in the previous quarter and 40 percent in the fourth quarter of 2007.

Nokia said it would aim for annual savings of euro700 million at its handset unit, but gave no details at the time.

Bank of Japan announces new crisis measures

AFP, Tokyo

Japan's central bank said Tuesday that it would lend up to 10 billion dollars to commercial banks in the latest effort to tackle a deepening recession in Asia's biggest economy.

The Bank of Japan said it would supply funds of up to one trillion yen to encourage the banks to keep lending during the credit crunch.

The extraordinary measure is the latest in a series of steps by the Bank of Japan to fight what is feared to be Japan's worst economic downturn since World War II.

The announcement came during a two-day monetary policy meeting through Wednesday at which the bank is expected to leave interest rates unchanged at 0.1 percent for a third straight month.

The bank has trimmed official borrowing costs twice since October. With almost no room left to reduce its key lending rate any further, it is seeking alternative tools to spur lending.

Last month the BoJ announced plans to buy up to one trillion yen of corporate bonds from commercial banks to ease a credit crunch.



AFP

Vietnamese Deputy Prime Minister Nguyen Sinh Hung addresses the business conference on "Positioning Vietnam for the future", a roundtable with Vietnamese government organised by the Economist Intelligence Unit in Hanoi yesterday. The once-soaring Vietnamese economy should begin to bounce back from a period of slower growth by the end of this year, Hung said.

Singapore key exports plunge 24pc in February

AFP, Singapore

Singapore's key exports plunged 24 percent in February, in a further sign the city-state is headed for its worst-ever recession amid plummeting global demand for its products.

It was the 10th straight month of decline in key non-oil domestic exports, following a record 35 percent drop in January, according to government figures released Tuesday.

February's fall was roughly in line with the average 23.6 percent fall tipped by analysts in a Dow Jones Newswires poll.

On a seasonally adjusted month-on-month basis, however, exports grew 1.8 percent from January, the International Enterprise Singapore (IE Singapore) trade promotion agency said.

Total trade in February fell 22.1 percent to almost 54 billion Singapore dollars (35 billion US) as shipments to the city-state's top 10 markets, except China, were down, according to the monthly data.

Demand from the recession-hit US shrank the most as shipments fell 44.4 percent to 1.03 billion dollars, following a 50 percent decline in January.

Hitachi replaces president, to split off businesses

AFP, Tokyo

Japanese high-tech giant Hitachi Ltd. said Monday that it was replacing its president and splitting off its consumer electronics and automotive systems businesses as it braces for a massive loss.

Hitachi said the revamp would speed up decision making, boost efficiency and enable it to fuse its automotive and electronics technologies.

It named Takashi Kawamura, 69, who currently heads two of its subsidiaries, as its new president, chief executive and chairman.

"The world and Japanese economies are standing at a significant crossroad, and this unprecedented business environment will continue," Kawamura told a news conference.

"No company can run away from the impact," he said. "My mission to revive Hitachi is not easy. We would like to meet our stakeholders' expectations by making swift decisions and taking swift action."

INTERVIEW

New law to boost tourism

GM Quader tells The Daily Star

SAYEDA AKTER

The government is considering approval of the Bangladesh Tourism Ordinance 2008 by June, says Civil Aviation and Tourism Minister GM Quader.

"The government sincerely wants to reform the entire tourism industry, so it can perform as a strong revenue generating sector like in Singapore, Thailand and Malaysia. These countries have rapidly changed the face of their economies by exploring tourism," he tells The Daily Star, at his office.

"The government is set to present the Bangladesh Tourism Ordinance 2008 in the next parliament session by May to reform the entire tourism sector," he adds.

"The National Tourism Board will be formed on the basis of the proposed tourism law. It was approved with minor modifications in the cabinet meeting at the end of February," he says. "Now it is a matter of time to enact a new law."

Quader says the main task of the board would be to develop a public-private partnership to help flourish the sector and encourage local and foreign investment.

He says the responsibilities of the board would include monitoring the performance of the business units run by Bangladesh Parjatan Corporation and also the units that have been leased out to private management companies.

Quader says the National Tourism Board would be an autonomous body. Tourism experts, researchers and stakeholders, from both the public and private sectors, would manage the board.

The board will have representation from different government ministries, such as home, civil aviation and tourism, environment and public works, and various private sector entrepreneurs, including tour operators, travel agencies, transport and guide services, he says.



GM Quader

An executive director would be appointed by the government to oversee the board activities to better the tourism industry.

Under the ordinance, all agencies and enterprises involved in tourism will be mandated to register with the board.

"Registration would be mandatory for all, as it is very important for the government to ensure the quality of services and monitor the performance of all the groups," says Quader. "Registration will also prevent illegal acts by some fake organisations and prevent any violation of public interest."

Meanwhile, the government decided to issue on-arrival visas to tourists to encourage more foreigners to visit the country, he says.

"Tourists willing to visit Bangladesh often face difficulties obtaining a visa. This lack of on-arrival visas ultimately lowers revenue from the tourism industry," Quader says.

"We discussed early this month the issue of introducing on-arrival visas for foreign tourists at the cabinet meeting. We decided to initiate the system soon," he says. The on-arrival visa system

would initially be applicable to tourists from 30 countries, including the Saarc nations, he says.

"If we can ease visa complications, we hope to increase the number of foreign tourists and revenue from the sector," he adds.

He says the government is also set to develop a new website that will provide tourists with necessary information regarding tourist spots, accommodation, transport fare and security.

GM Quader admits the tourism sector is deeply problem ridden and needs massive reformation. "Since the beginning, the sector

suffers from a lack of planning and adequate funds."

"In the past, the sector was neglected most of the time. Neither the problems were pinpointed nor any solutions figured out," he says.

"There are major shortcomings in exploring all the potential tourist destinations. For that, we have to initiate major drives to first identify and then promote the spots," he tells The Daily Star.

To overcome some of the problems, he suggests, "We need to introduce multi-dimensional tourism by exploring new places with specific drives, such as religion, nature and archaeology."

This sector also suffers due to a lack of proper infrastructure, he feels.

"The roads and communication systems linking many tourist spots are in disarray. A lack of adequate accommodation and low security measures have also restrained the sector's growth," he adds.

"Time and budgetary allocations are needed to develop infrastructure," he says.

Quader, who graduated in mechanical engineering from the Bangladesh University of Engineering and Technology in 1969, says, "It's difficult to overcome all these problems overnight, but we have to overcome them to boost the industry."

He says bureaucratic problems shadow every decision-making and implementation process, as several ministries are involved.

However, he vows to reduce the bureaucratic difficulties and strengthen communication between different ministries and other related organisations.

He finally urges the media and entrepreneurs for organising campaigns and promotional activities at home and abroad to further develop the sector.

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AUTOMOBILE

Cheapest car to test consumer appetite

AFP, Mumbai

The world's cheapest car, the Tata Nano, will be launched next week with backers hoping its troubled birth and the global economic crisis will not put off buyers from India's emerging middle-classes.

The sporty, jellybean-shaped car has attracted world headlines thanks to its price tag of just 100,000 rupees (2,000 dollars) for the basic model, which is cheaper than some laptop computers.

But although marketed as the affordable car for millions of Indians, analysts said the Nano and its manufacturer Tata Motors could be in for a bumpy ride because of production problems, a dip in demand and global economic woes.

Only 30,000 to 50,000 Nanos are likely to be sold in the first year because of limited production capacity, auto sector experts said.

"Nano's sales will be production-led, and not demand-led," Mahantesh Sabarad, an analyst with Centrum Broking in Mumbai, said ahead of its unveiling on Monday and its appearance in car showrooms in April.

The Nano is being rolled out from two manufacturing plants in what Tata group chief Ratan Tata has described as a "makeshift kind of operation."

"This is a hurried launch. The main manufacturing plant in Gujarat is not even ready," Sabarad told AFP.

In October last year, Tata Motors pulled the Nano car project out of West Bengal state in east India, even though the plant near the state capital Kolkata was 90 percent completed.

The retreat followed a month of violent demonstrations by activists and farmers evicted from their land that raised wider fears about India's attractiveness for foreign investors.

Tata Motors' new plant in Gujarat state, western India, is not



The Tata Nano, heralded as the world's cheapest car, will be launched next week with backers hoping its troubled birth and the global economic crisis will not put off buyers from India's emerging middle-classes.

expected to be ready until the end of 2009.

Another problem facing Tata Motors is demand. Potential car buyers in India have been unwilling to spend in an economy which is now growing at its slowest pace in six years, analysts said.

They said the market could see artificial demand being built up, with banks offering cheap loans to people who appear to be hesitant to buy.

"We see real concerns linked to demand," said Sabarad. "Salaries have contracted in recent months

and there are major job fears" led by the global economic slowdown.

Although the market is in "cautious mode," Tata Motors would not be concerned by low initial sales, said D.K. Jain, head of Mumbai-based car seller Lumax AutoTechnologies.

"The company will look at the long-term," Jain, whose company deals with Tata Motors, told AFP. "People's aspirations will go up further, and the market will improve."

In the second year, Nano's sales could jump by over 200 percent to

150,000 cars, said Vaishali Jajoo, an analyst with Angel Broking, as production ramps up at the Gujarat plant.

Tata Motors was feted last year as an Indian corporate success story with its 2.3-billion-dollar purchase of British luxury car marques Jaguar and Land Rover.

But with the global economic downturn, the purchase has become a financial millstone as sales of prestige cars have tumbled. Earlier this year, Tata Motors reported its first quarterly loss in seven years.

Nevertheless, company insiders are gearing up for the Nano launch, which will be "a big day for the company," Tata Motors spokesman Debashis Ray told AFP.

Once the car is seen performing on the choked streets of India's cities, analysts and vendors will assess if it can make a dent in Maruti Suzuki's dominance in the Indian passenger car market.

"We have so far seen the poster boy Nano. I want to see the commercial face of Nano," said Sabarad.