

International Business News

43,000 jobs at risk as German retail giant goes bust

AFP, Berlin

Retail and tourism giant Arcandor said on Tuesday it had filed for bankruptcy with the likely loss of around 43,000 jobs in Germany, after Berlin dismissed its request for emergency state aid.

"Arcandor AG today filed with the Essen District Court to open insolvency proceedings due to threatening illiquidity," the statement said.

Travel agency Thomas Cook, in which Arcandor holds a 52-percent stake, "will remain unaffected by the insolvency proceedings," the statement added.

The group, which employs 70,000 people in Europe, two-thirds of whom work in Germany, said its department store chain Karstadt, as well as mail-order company Quelle, would also be affected by the insolvency.

On Monday, Berlin rejected the company's request for 650 million euros (902 million dollars) in state loan guarantees and 437 million euros in emergency loans but gave the firm one last chance to submit an improved bid.

But following an emergency meeting, the firm's board said it could no longer raise funds after the government rejected its plea for help.

Fiat vows to stick with Chrysler deal

AFP, Milan

Italian auto maker Fiat vowed on Tuesday to stick with plans to forge an alliance with distressed US group Chrysler after a US Supreme Court decision put a temporary freeze on the transaction.

"Fiat is committed (to a tie-up with Chrysler) even after June 15," a Fiat spokesman told AFP. The company is entitled to pull out of the deal after that date if Chrysler's recovery plan has not been fully approved.

Chrysler filed for bankruptcy protection in late April and a New York court on May 31 approved the company's reorganisation and agreed to allow the tie-up with Fiat to proceed.

But the US Supreme Court on Monday put a temporary freeze on the plan, which would allow Chrysler to emerge from bankruptcy as a new entity.

A group of Indiana pension funds had opposed Chrysler's sale to Fiat and filed the emergency appeal with the Supreme Court.

The court order, signed by Justice Ruth Bader Ginsburg, will now allow the justices to consider whether to allow a full hearing on the legal issues.



AGRICULTURE

Price fall rattles farmers

SOHEL PARVEZ

Mansur Ali comes to the village bazaar late. The regular crowds seeking to get daily groceries have already left. Small vendors stacking vegetables, snacks and other essential commodities are still lazing in the midday sun.

Instead of checking with the stores at the bazaar, Ali crosses the busy Bogra-Natore Highway and approaches a shop, in front of which stands a pair of wooden scales.

"Will you test my paddy samples," the 40-year-old Ali asks the shop-owner, sitting behind a box. Some other paddy sellers are also present.

"What type of paddy is it?" asks shop owner Abu Baker Siddique.

"Check it." He pulls out a small polythene packet from his front pocket.

Siddique, operating as an intermediary between rice millers and farmers, takes the paddy in his palm, scrutinises the quality and puts it again into the packet.

"I will give you Tk 390 per maund for this."

"Not enough," replies a disappointed Ali. Taking back the sample of paddy, he steps out.

Instead of raising the offer, Siddique remains silent. But others present there become curious and call out to Ali. "How much do you want for your produce?" one of them asked.

"I'll sell for Tk 440 at least," Ali answers.

"How are you deciding on that price," asks the shop-owner.

"I came to know the price of paddy by mobile phone in the morning. And I won't sell below that price," says the farmer before moving to look for another middleman at Ranirhat in Bogra, more than 200km from Dhaka.

It remains unknown whether Ali was able to sell his dry paddy at his desired price. But many others like him did not receive expected prices as boom in rice prices since the last year Boro season is waning due to consistent good rice crop yields.

Last year, rice production improved due to several factors, such as favourable weather, availability of inputs and farmers' response to previous year's high prices.

In fiscal 2008-09, total production is expected to cross three crore tonnes, which is higher than total domestic consumption requirements.

But consistent good crops deepen farmer woes due to a sharp fall in prices.

Now the price of paddy hovers between Tk 380-Tk 450 per maund, which is much below last year's prices.

Prices have fallen as supply, supported by a release of previously hoarded rice, outpaces demand. The decline soothes soaring food inflation but hurts thousands of farmers, especially the tenant farmers, who planted paddy by renting land at a high cost.

The fall in rice prices has also depressed



Farmers operate a machine to clean paddy in Bogra yesterday before putting the produce up for sale. But falling prices of the item worry farmers in the north.

business of other sectors, such as building materials and agriculture equipment.

To cushion farmers from losses the government entered the scene by offering Tk 14 and Tk 22 for each kilogram of paddy and rice, respectively.

But the drive, through which the government is expected to procure 12 lakh tones of food grains, fails to help farmers, as the market's response to the procurement drive remains lukewarm.

With flaws in the procurement system, like procurement from middlemen alone, it does not assure sales for farmers.

Allegations have it that a section of middlemen are selling paddy at the government procurement points, disguised as farmers. Many farmers are not even aware of these procurement points as such.

"We know that the government in buying, but we don't know where," says Mohammad Raihan.

"We won't sell unless we get a fair price. Many of our neighbours are also waiting for prices to rise," says Raihan from Shahjahanour in Bogra.

Hundreds of farmers will hold on to their

produce to make lofty gains. But many are short of options. They have to purchase other household essentials despite dropping paddy prices below costs.

"Can you name another commodity, the price of which has fallen? We would not have faced such a sorry state if the prices of other necessities fell. Now we have to purchase 2 litres of edible oil at the price of 20 kilograms of paddy. Where shall we go?" asks Momtaz Hossain, a farmer from Naogaon, referring to the rising prices of inputs, including fertiliser, diesel, labour and pesticide.

He believes that farmers will be able to recover their cost of production if they can sell paddy at the government fixed price, which is not working out in reality.

"Millers are buying below Tk 400 a maund and selling at high prices to the government. The government should force millers to buy paddy from us at the announced price and not below Tk 500 per maund," he says.

"The prices of paddy went up a week after the government strengthened buying. But it has started falling again due to a slowdown in government procurement," says paddy

buyer Abu Baker Siddique.

He fears rice prices may not go up without a rise in government buying. Analysts favour an increase in government procurement quantity from 12 lakh tonnes to 20 lakh tonnes. But the government has a capacity to store about 14 lakh tonnes.

The alternative as many farmers like Momtaz says is the cut in the cost of cultivation inputs such as fertiliser, diesel, pesticide and others.

Farmer Momtaz suggests an alternative. "The government should increase subsidy on inputs to reduce the cost of cultivation. It is also necessary to monitor the market to check unusual price hikes of essential commodities."

But Enamul Haque of Kahalu in Bogra is set to go to the government centre with 60 maunds of his produce. He dried the paddy by renting a drying yard and he cleaned dust from the paddy by hiring a few helping hands. He does not want his produce to be rejected on the grounds of non-compliance with procurement rules.

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LIFESTYLE

Weddings blossom as violence wanes in Iraq

AFP, Baghdad

After six years of war and sectarian killings in Iraq, Haider Naeem, a Shiite, wants to make up for lost time and marry his Sunni Arab girlfriend -- but he is finding it an expensive business.

The worst of the violence may be behind them, but young couples eager to get their lives back on track now face a new challenge to starting a family -- the prohibitive costs of marriage in a fledgling market economy.

"I wanted to get married about two years ago, but the security situation was very bad," said Naeem, 26, a tall and jovial man who owns a mobile phone shop in the predominantly Sunni area of Sadiyah in southwest Baghdad.

"And three months ago I went to Yasmine's house with the family so we can prepare for our marriage at the end of this month. But the problem now is I don't have enough money to rent a house."

The worries facing Naeem and his 24-year-old fiancée are all too common among young couples in the Iraqi capital.

Decades of cheap state-subsidised goods during the regime of dictator Saddam Hussein have given way to a market-oriented economy in the wake of the 2003 US-led invasion.

The country's new-found capitalism has brought a proliferation of goods, but years of war have also inflicted annual double-digit inflation that has made Iraq impossibly expensive for most young people.

"I can't rent a house or even buy

gold as a gift for a girl, so how can I get married?" asked Ahmed Hamid, 35, who is about 10 years past the average male marrying age in Iraq.

"I barely make ends meet for my family, my mother and sister, and I only earn 10,000 dinars (8.50 dollars) a day. With this salary it's impossible to save for marriage," said the central Baghdad car park security guard.

"Some families ask for high dowries or demand rented apartments for their daughters, but they don't think about men's financial situation in these difficult economic times," he said.

The expense of an Iraqi wedding can run into tens of thousands of dollars -- and according to Arab tradition, most of the cost must be borne by the man.

Celebrations are elaborate. Pre-wedding parties are followed by the rental of wedding-day halls with extravagant banquets for hundreds of distant relatives. DJs or a band are also a must for music-loving Iraqis.

Adding to the man's financial burden are traditional dowry gifts such as gold and clothes for the girl, and presents of new furniture and home appliances are not uncommon expectations.

Young couples also prefer to buy a home that they can move into immediately after their nuptials, but rocketing real estate costs have ruled this out for many, forcing some into uncomfortable extended family stays.

"I waited two years until I found a house to rent at 340 dollars a month," said Hussam Amir, 28, a government worker.



A wedding gown and jewellery items are displayed at a bridal shop in central Baghdad. Young Iraqis are struggling to tie the knot in the war-torn country due to the high costs of not only throwing a wedding ceremony but also finding a place to live. Decades of cheap state-subsidised goods during the regime of dictator Saddam Hussein have given way to a market-oriented economy in the wake of the 2003 US-led invasion.

"The demands of my fiancée's family are many -- I bought gold that cost about 2,700 dollars, and now I'm working on furnishing the

estate agents say the trend is set to continue, given a serious shortage of homes.

"The price per square metre in the Zayuneh district has risen from 500 dollars in 2005 to more than 1,000 dollars today," said Abu Abbas, owner of the Zayuneh estate agency in an upmarket area of Baghdad on the east bank of the Tigris river.

Other neighbourhoods are experiencing similar booms.

"The square metre price has risen from 400 dollars in 2003 to 900 today," said Abu Mustafa, who runs the Mustafa agency in the Karrada business district.

According to the justice ministry, the number of marriage registrations across Iraq jumped to 243,056 in 2008 from 217,221 the previous year.

The fact that more young people are getting married shows a marked improvement on the darkest days of Iraq's sectarian violence in 2006-07, when mutilated, bullet-ridden corpses lined many Baghdad's streets every morning.

During this period, couples like Naeem and Yasmine had no choice but to postpone marriage.

"My family and I had to leave our house in Sadiyah and move to another neighbourhood as there was a group of gunmen chasing me," said Naeem, his face tightening as he recalled escaping his would-be Sunni killers across rooftops.

"It was difficult for me to visit the girl I love, because she is Sunni and she lives in a Sunni neighbourhood. I can go anywhere now."

EU finance chiefs eye budget tightening

AFP, Luxembourg

European finance ministers were looking on Tuesday to ease the flow of billions of euros they are pumping into their withered economies to limit the damage to their public finances.

"I will certainly support a return to gradual fiscal consolidation. It is essential for everyone," Czech Finance Minister Eduard Janota said as he arrived to chair a meeting with his EU counterparts in Luxembourg.

Ahead of the EU meeting, eurozone finance ministers agreed on Monday to refocus on reining in their ballooning budget deficits if the economy begins growing as expected next year.

"Everybody agrees that we need an exit strategy, that we need to orient our public finance consolidation towards a sustainable position over the medium term," EU Economic Affairs Commissioner Joaquin Almunia said.

Airlines wary of IATA's 2020 carbon-neutral target

AFP, Kuala Lumpur

Crisis-hit airlines said Tuesday that a plan to cap the growth of the industry's emissions by 2020 was ambitious and costly but agreed on the urgency of fighting climate change.

"It's a very ambitious target, I keep my fingers crossed," Qatar Airways chief executive Akbar Al Baker told fellow delegates to the annual meeting of the International Air Transport Association (IATA).

"I'm not against it but it has to be level playing field, we are affected by the CO2 emission as well because we are living on the same planet too, but it's unfair for us to have certain rules for a certain sector," he said.