

## International Business News

## Porsche boss braces for boardroom clash

AFP, Frankfurt

Embattled Porsche chief Wendelin Wiedeking is gearing up for one of his toughest board meetings on Thursday, when the debt-laden sports car maker's fate could take a decisive turn.

An extraordinary meeting of the Porsche supervisory board is to study an offer by the state-owned Qatar Investment Authority for a stake in the company along with Volkswagen (VW) stock options owned by Porsche.

VW, meanwhile, has made a counter-offer to buy almost half of the shares in Porsche, in which case Wiedeking, currently chief executive, could be left standing by the side of the road.

Media reports have said Qatar was prepared to pay up to seven billion euros (9.9 billion dollars) for the stakes, while VW's bid is estimated to be worth around four billion euros.

Both Porsche and VW, which is holding its own supervisory board meeting the same day in Porsche's hometown of Stuttgart, want to create an integrated auto group. The question is who will be behind the wheel.

Qatar and creditor banks are keen meanwhile for Porsche and VW to end their epic boardroom battle.

Just a few months ago, it looked like Wiedeking might pull off an audacious plan to take over VW after building up a stake of almost 51 percent in Europe's biggest car maker.

## Battle brewing to save Toyota's California plant

AFP, Detroit, Michigan

A battle is brewing to save the only automotive plant still operating on the west coast of the United States after General Motors pulled out of a joint operating venture with Toyota.

The Japanese automaker has not yet announced whether it will continue to run the Fremont, California plant or phase it out and shift production of its popular Corolla sedan and Tacoma pickup truck elsewhere.

But it has warned that closing the plant is a distinct possibility as it struggles to cut costs after falling into the red for the first time in nearly 70 years, with a whopping 436.9 billion yen (4.6 billion dollars) net loss for the year ending in March.

"We are carefully evaluating our options with respect to the NUMMI joint venture as a result of General Motors' actions," Toyota spokesman Mike Michels said.

"That could, but not necessarily would, involve closing the plant. But at this time there has been no determination."

Toyota has never been responsible for closing an assembly plant anywhere in the world, so this could be a first for the world's largest automaker.



AFP

US Commerce Secretary Gary Locke visits a Wal-Mart outlet in Beijing recently. Locke and Energy Secretary Steven Chu, both ethnic Chinese, came to China seeking to open the Asian giant's markets to US green technology while urging Beijing to set hard targets on gas emissions.

## US banks report using govt assistance for loans

AP, Washington

The internal watchdog overseeing the US government's financial bailout is pressing Treasury to seek more information from banks that receive taxpayer assistance, branding his own bank survey as evidence that such data can be obtained.

More than eight out of 10 banks responding to Special Inspector General Neil Barofsky's survey said money they received from the government had been used for loans or to avoid reduced lending.

Fewer than a third of the 360 banks surveyed said their lending levels would have been lower without money from the \$700 billion Troubled Asset Relief Program. Banks also reported using the money to provide additional cushions of capital or to buy other institutions.

The law that created the bailout fund did not require banks to segregate the government's assistance or to track how it was used, though Congress' intent was to increase loans, either directly or by unclogging credit markets. But there is no process in place to make sure the money is specifically used to boost lending and there are no consequences for banks that don't use it to that end.

## British Airways to raise 600m pounds

AFP, London

Troubled airline British Airways said on Friday that it was raising about 600 million pounds (694 million euros, 977 million dollars) to improve its cash pile.

"British Airways plans to raise 600 million of cash funding to ensure it has strong liquidity consistent with the current difficult trading conditions," BA said in a statement.

After the close of trade on Friday, BA said it would earn 350 million pounds from the sale of bonds to agreed buyers who eventually would be able to convert their purchased debt into shares.

BA's share price closed up 2.95 percent to 136 pence on Friday in London, where the benchmark FTSE 100 index gained 0.62 percent.

Additionally, the trustees of the group's pension fund have agreed to release some bank guarantees back to the airline, allowing it to draw up to 540 million dollars (383 million euros) in cash.

## INTERVIEW

NAFID IMRAN AHMED

With today's course of internet, the goal of connecting rural Bangladesh will take decades to reach. But WIMAX company Augere believes it can accelerate the process and get rural connection now and play an important role in realising a "Digital Bangladesh".

Sanjiv Ahuja, chairman and CEO of Augere, speaks to The Daily Star in an exclusive interview during a visit to Dhaka recently.

Augere is one of the two companies who bid and won the WIMAX license in Bangladesh and is preparing to initiate and inaugurate business in the next few days.

Sanjiv came to Dhaka to see progress made in installation, as the company imported network equipment, moved into a new office facility and also added Jerry Mobbs as CEO of Augere Wireless Broadband Bangladesh Limited.

"Our commitment is to ensure never before experienced internet facilities in the country," said Sanjiv.

"That goes from understanding the proposition to ordering, installing and bill payment of the service, customer support, if and when they have any issues, and adding new services over time. That is the core fabric of our business."

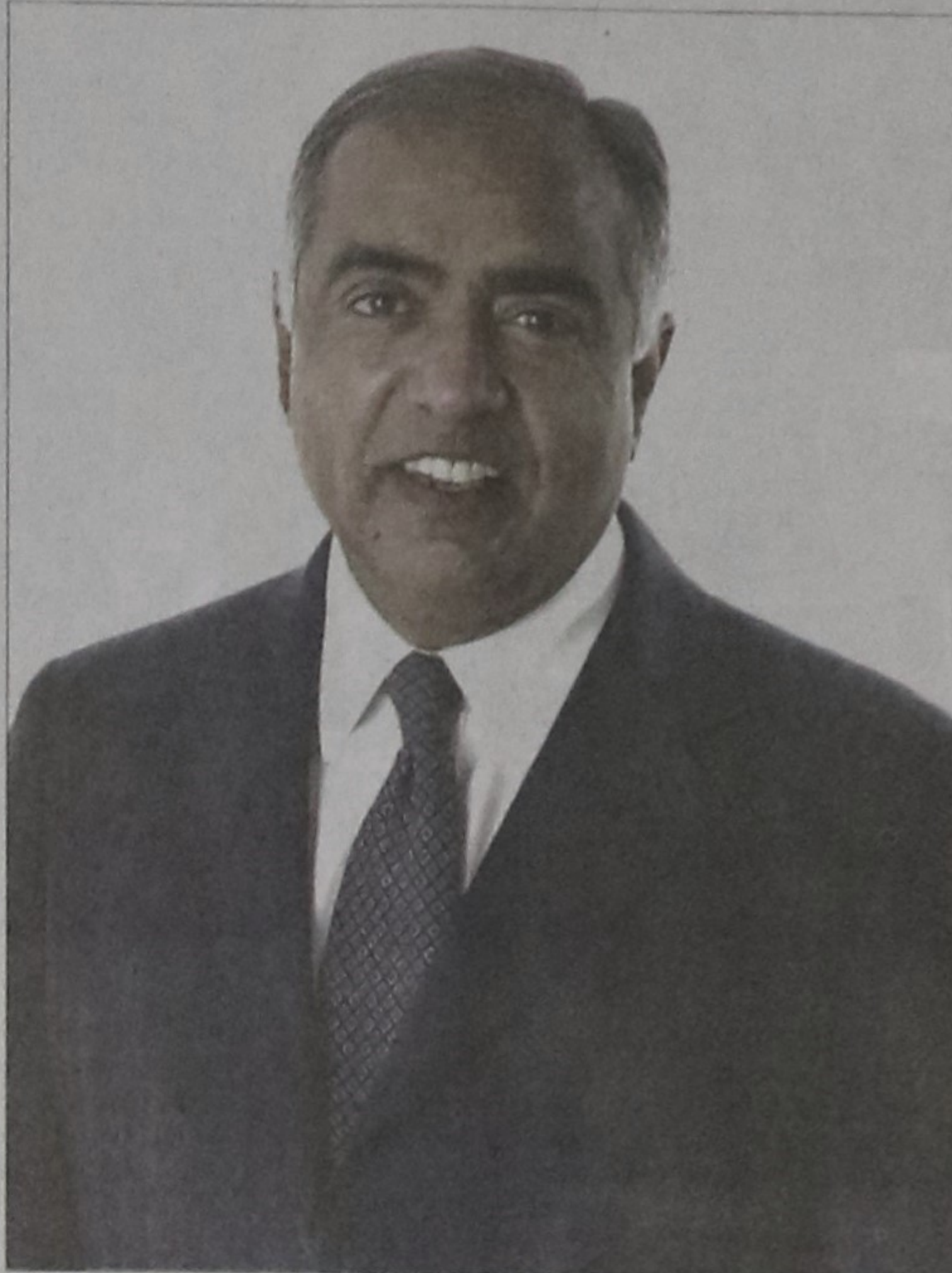
Augere believes in getting there gradually. Over the last few weeks, they have studied the technicalities of the product and services. They want to start with a few customers and then add on before their commercial launch.

"We need to work with our potential customers, so that when they install the product, they will have a good installation experience," he added.

Augere plans to start adding customers over the next few weeks and in the meantime, continue to augment their network and make it bigger and richer by covering larger parts of Dhaka to begin with, followed by other cities.

At present, Augere can support a few thousand customers and have coverage in areas such as Baridhara, Basundhara, Banani and Gulshan.

In regards to the high license fee borne by the company, Sanjiv said, "The license fee was determined by an auction, as you know. There were a couple of people who were a lot more aggressive than we were in the process. But to be competitive, we had to step up to it. Do I wish we paid less money? Absolutely. I wish we paid less money. Do we think what we paid was appropriate for



Sanjiv Ahuja

the market? Absolutely, if we didn't think so, we wouldn't have paid."

He also said increased internet usage globally has led to the growth of the economy. It is critical to increase commercial activities, for education, healthcare and good governance and important for the banking sector. Put it all together, it is critical to the future economic success of Bangladesh.

"Connecting rural parts of Bangladesh is our responsibility and commitment. And the existing demand is what excites us about Bangladesh," Sanjiv added.

"I find Bangladesh conducive for business and we are welcomed as an investor here. We have made tremendous investment in the country and will continue to invest here over the next couple of years," he said.

"In Bangladesh, we see that half of the households have television, while an average refurbished or locally assembled PC is near the price of a television. Average households that have mobile phones today end up with two to two and a half telephones per household. What we are commit-

ted to provide is a service, which does not cost them a lot more than their average mobile phone bill. And if they can do it with a PC, at the price of a television, I think the demand is more than what anyone has anticipated," Sanjiv said, explaining how rural communities would be benefited by technologies such as WIMAX.

He admitted that cost is a barrier today, but it's beginning to fade. Augere wants to work as a catalyst and get community centres, schools, hospitals, government facilities and banks in the rural areas, as the starting point by getting PCs into every household and getting them on to the internet.

"It is our belief that we can do it. It has been my commitment ever since I founded this business a year and a half ago and the foundation of this business is based on this belief. And the team today is proving that it can be done," he said.

"I see no reason why the children of farm workers would not be a part of the global community of internet. We can enable it technically and from customer experience. We can provide infrastructure

and we are committed to keeping the cost as low as possible to enable them to do so."

Terming BTRC's projection to get 10 million people connected as realistic, the Augere CEO said the long-term vision should be to connect 50 percent of the country's population.

"We will initially start with larger cities but rapidly, sometime next year, we want to move into the rural areas. What we want to do is learn by going to rural areas, because I know we will not get it right the first time. What is being done in Dhaka will not work in the northern part of Bangladesh," said Sanjiv.

He believes the initial learning is going to come from urban areas. They will be able to tailor their propositions through the learning process. Even in many developed countries broadband is still not available in rural areas.

Looking at the market in the next five years, he said, "I think we will have 2 or 3 major competitors in this market and we will all be competing vigorously. I am sure you will see the first steps towards a 'Digital Bangladesh' and its impact on the overall economy will be tremendous."

"When students experience the real internet, graduate and get into the work force, their productivity will be a lot higher. The impact will also be seen in healthcare, the banking sector and e-governance, leading to more transparency."

It will help create the call centre industry, IT outsourcing, knowledge process outsourcing and direct and indirect employment generation.

"The most rewarding thing would be to see people from the poorest regions experiencing what everybody in the most developing nations experience," Sanjiv said.

"We don't want a customer to buy our service until they are satisfied with it. We want our customers to be ambassadors of our services to the people they come across. It is the same for developed markets."

Speaking on the existing telecoms policies, Sanjiv thinks there were enough licenses issued to have a competitive market in Bangladesh and it would be exciting to have healthy competition in the market, as competition raises standards.

"I think there are parts in the policy that does not lead to enough competition but that is changing and the commitment that the government has made to increase competition at all levels, part of it is international connectivity and I think it will help reduce the tariffs for everybody," he said.

He believes that BTRC and the administrative part of the government have made very strong commitment towards digitalising Bangladesh and they are putting it into practice.

"I think 3G is a wonderful technology and if customers use it as an alternative, then it is good to have competing propositions in the market. Are consumers ready to absorb 3G, because it is more expensive than the mobile proposition that is using 2G or the 2 1/2 G technologies that exists here? I would question that economically," he said, talking on 3G licenses.

"As I said, it is not about technology, it is about customer experience and affordability. If the mobile operators believe they can afford to build 3G networks and provide services at competitive prices with great customer experience, I welcome the competition."

According to Sanjiv, there are macro level issues -- can they provide enough coverage and is the mobile industry healthy enough to support 3G licenses?

"There are very few profitable mobile operators in this country. For them to invest in the licenses and infrastructure for 3G, on top of current investments, if I were the regulator, I would be cautious in rolling it out. You don't want to burden the industry with increasing expenses. Competition is good, but too much competition leads to lack of profitability and eventually causes consolidation," he added.

So it has to be ensured that the mobile industry is healthy by itself. Just rolling out 3G technology and putting pressure on the mobile industry may lead to immediate benefits for the exchequer of the country but could cause long term issues for the sector.

On existing ISPs, he said they would have an alternative and welcome them to use their technology. "Today they are using ad hoc or reselling DSL. We are keen to have ISPs as partners in this business. I think it will encourage growth of the industry. We want ISPs to flourish and I think we are great news for them."

"We wouldn't know the prices for a while now. When we say we want to get deep into the pyramid and get everyone connected, we have to be competitively priced. Overall customer experience depends on bandwidth, reliability, installation experience and quality of service, because that is where cost of the business goes and that's where the value to a consumer comes from," Sanjiv said.

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## FROZEN FOOD

AFP, Koyra, Khulna

When farmer Habibul Rahman heard of a luxury food item in demand by consumers in Europe and the US, he thought switching his land from rice to shrimps would be a safe bet.

But 12 years later, a global recession has put a serious dent in the industry and a vicious cyclone on May 26 wiped out 40 percent of the nation's one million-plus farms, rendering the land useless.

Like hundreds of thousands of people, Rahman turned his back on rice for shrimps, which became the second largest export earner after the garment industry.

Rahman, who made the switch because increased salt levels on his 1.5-acre (0.6 hectare) plot of land had made farming rice difficult, lost his house in the storm and his income when flood waters submerged his entire farm.

Before the storm, the 70 dollars he made a month was enough to live on, he said, but did not make him rich.

"My farm is now completely useless. I can't grow anything else on it because of the salt," he said.

"I am at a loss to know what to do. My wife and daughters have moved to be with family in the city but there's no job there for me."

The Bangladesh Frozen Food Exporters Association (BFFEA) estimates the economic blow to the shrimping industry from the cyclone amounts to 350 million dollars on top of any loss incurred by the global downturn.

"Exports were already down by about 20 percent because of the recession and now the cyclone has almost destroyed everything," Musa Miah, BFFEA president said.

"There were signs that things

were beginning to improve in Western economies and we hoped that we would have a turnaround later this year. But even if the demand is there, we don't have the fish to export."

Shrimp cultivation began in Bangladesh in the mid-1970s when exports totalled 4.7 million dollars a year.

Until the global economic crisis, it was a 534-million-dollar-a-year business, with 42,000 tonnes of exports -- mainly to the United States and Europe -- in the year to June 30, 2008.

Data for the most recent financial year has yet to be released, but government figures show a 15 percent drop for the first 10 months compared to the same period the previous year.

Environmentalists say shrimp farming has been a ticking time bomb -- and not just economically -- for Bangladesh, where already scarce fertile land has been further depleted by urban encroachment and increasing saline levels.

Nijera Kori, a charity in Bangladesh, said "unplanned and explosive growth" in the shrimp business has created "irreversible damage" in one of the most densely populated and poorest countries in the world.

"It hasn't done anything good and I don't think there's any point in keeping this industry going," said Khushi Kabir, the charity's chief, who has been outspoken about the negative effects of the industry since the 1980s.

"It's a high-risk crop. It's such a consumer-dependent industry, so what happens when people's tastes change? The exporters will move to another product but it's the farmers who have lost everything."

The May cyclone broke



AFP

In a picture taken on July 7, a woman works at a shrimp farm in Koyra in southwestern Bangladesh. Shrimp trade, the second largest export earner after garments, has taken a massive hit after a cyclone in May wiped out 40 percent of the nation's one million-plus farms.

embankments designed to protect villages from the sea, meaning some areas are still being flooded twice daily while others are submerged in stagnant water.

Cyclones hit Bangladesh frequently and the death toll from May's storm was relatively low, but some 375,000 people will remain homeless until the monsoon season passes at the end of September, according to charities and the UN.

Swapan Guha, the head of charity Rupantar in the southern

city of Khulna, said poor maintenance of the embankments, built 40 years ago, as well as their gradual weakening by pipes used for shrimp farming had exacerbated the storm's impact.

He pointed the finger at the industry's "muscle men," the exporters who send the shrimps abroad, for failing to act responsibly and said it would take years for a full recovery from the effects of the cyclone.

"They take the profits and none of it goes back into the local com-

munity. There is no corporate social responsibility," he said, adding that it was the farmers who would suffer most.

For farmer Rahman, who once occasionally fed his family the shrimps considered too small to export, the crustaceans are off the menu indefinitely.

"I've heard about people in the West paying high prices for our shrimps. We only eat the small ones, the big ones we had to save for export. Now, no one will be getting any."