

International Business News

Nortel strikes deal to sell business unit to Avaya

AFP, Montreal

Canadian telecom equipment maker Nortel said Monday it reached a deal to sell its enterprise solutions business to US-based Avaya for 475 million dollars pending approval of a bankruptcy court.

The deal, to be submitted to a US bankruptcy judge overseeing the restructuring of Nortel, includes the North American, Caribbean and Latin America and Asia operations and a portion of the Europe, Middle East and Africa operations, Nortel said.

"We continue to be fully focused on running our operations and continuing to serve our customers while actively engaged in the sale of our businesses," said Nortel president and chief executive Mike Zafirovski.

"We have determined that the sale of our businesses maximizes value while preserving innovation platforms, customer relationships and jobs to the greatest extent possible."

Once Canada's largest company, Nortel has been struggling since the dot.com collapse. It filed for bankruptcy protection in both the United States and Canada in January as it faced some 107 million dollars in interest on its debt.

The company lost 3.4 billion US dollars in the third quarter of 2008 and saw revenues fall 14 percent.

Last year, Nortel said it was slashing 2,100 jobs mostly in North America and would transfer another 1,000 jobs to lower-cost countries, following deep losses.

Deutsche Bank managers leave amid spy probe

AFP, Frankfurt

Two managers at the biggest German bank, Deutsche Bank, have left amid a probe into alleged spying, a financial source told AFP on Tuesday.

The head of security for the bank and its head of investor relations "have left the company," the source said.

Deutsche Bank declined to comment when contacted by AFP, saying that it was waiting for the results of an internal probe launched in May by an independent company.

A spokesman did confirm however that prosecutors in Frankfurt, where the bank is based, were studying information provided by the public authority charged with the protection of personal data, based in nearby Darmstadt.

That group has requested more information from Deutsche Bank on two cases and said it has passed some along to judicial officials.

According to the business daily Handelsblatt, those cases concern alleged spying on supervisory board member Hermann-Josef Lamberti and outspoken shareholder Michael Bohndorf.

Prosecutors can take two to three weeks before deciding whether to launch a formal investigation that could then lead to legal proceedings.



British Business Secretary Peter Mandelson addresses a press conference as he and Prime Minister Gordon Brown visit the Nissan Works in Sunderland, in north-east England, on Monday. Japanese car giant Nissan announced plans to create hundreds of new jobs in a £200 million investment to build batteries for electric cars.

Rice experts say 'dollar trap' to put pressure on prices

AFP, Manila

A weak US currency is expected to put fresh pressure on rice prices just a year after a global supply crunch caused the cereal to rocket above 1,000 dollars a tonne, the International Rice Research Institute said.

The situation "suggests that a falling dollar will keep rice (and commodity) prices higher," according to the latest edition of the institute's bimonthly publication "Rice Today".

Philippines-based IRRI said there was currently a "sense of false comfort" as the price of the staple falls back to normal levels.

Exporters of lower grade rice "find it hard to look for markets" while the financial crisis has pinched credit and importers are taking a "cautious approach to stock-building," it said.

However, it said the dollar was expected to "weaken in the coming months" as US debt builds up and fiscal policy spending puts more pressure on the currency, which it said leads to a "dollar trap" where "the value of several countries' reserves will become lower."

SKorea's Kookmin Bank to acquire Kazakhstan bank

AFP, Seoul

South Korea's largest bank Kookmin plans to acquire a majority stake in a major Kazakhstan bank as part of a push to expand business overseas, news reports said Tuesday.

Yonhap news agency quoted an unidentified Kookmin Bank official as saying negotiations are underway to increase its stake in Bank CenterCredit (BCC) to 51 percent from the current 30.5 percent, to secure managerial rights.

A Kookmin Bank spokesman declined to comment.

The Korea Times said Kookmin would team up with the International Finance Corp, the private lending arm of the World Bank.

"IFC and Kookmin have agreed to equally invest to purchase a 20.5 percent stake in BCC through additional stock purchases or new share offerings," it quoted a source in the local bank as saying.

LIFESTYLE

Gyms muscle in

SOHEL PARVEZ

The courtyard of a gym at Sonargaon Road buzzes round the clock.

Inside, Morshed Alam works on bodybuilding instruments and multi-gym equipment.

"A workout gives me the stamina to face the day and relieves tension as well. If I do not exercise, I feel lethargic," says Alam, 30, emerging from the gym to catch his breath.

He joined the gym about a month ago. Every day, he pulls down the shutter on his small tiles outlet and joins the band of health-conscious people from all professions.

The tiles seller is now one of the 500 members of the fitness centre -- Platinum Gym -- established nearly a year ago, to the benefit of fitness lovers of both sexes, irrespective of age.

Thanks to health and fitness consciousness among the urban population, a new avenue for business has sprouted. More fitness centres are opening up from the densely populated Old Dhaka to the upscale neighbourhoods of Baridhara and Gulshan.

Based mainly on membership fees, these gyms offer fitness seekers and beauty-conscious people a series of services from aerobics and fat reduction to bodybuilding, spinning, sauna and swimming.

The gyms also promise extra attention for members with conditions such as cardiovascular ailments or diabetes.

A mere decade ago, fitness and bodybuilding was only considered a hobby and there were only a handful of gyms around, mostly in Old Dhaka.

Parks and other open spaces served as the only source of physical activity for the health conscious people then.

As city landscape changed, with fewer playgrounds and clustered high-rises, residents slowly adopted the gym as an option.

"Any sort of sport is an exercise. But a decline in the number of playgrounds limited the scope and gave rise to gym culture," says yoga expert Dr Abdul Wadud, managing director of Platinum Gym, which was established with a Tk 80 lakh investment.

Hollywood, Bollywood and fitness related programmes on satellite television have also influenced growth of the culture.

"Healthy living and looking attractive by being fit was mainly fuelled by the satellite media," says Shahidus Sadeque, marketing and communication manager of Dhaka Sheraton Hotel, which expanded its gym



A man works on fitness equipment at the gym of Dhaka Sheraton Hotel. For many, a daily workout is a must.

SHAWKAT JAMIL

capacity last year to meet increased demand.

Five-star hotels like Dhaka Sheraton charges Tk 95,000 in annual membership fees for a person.

Yearly membership fees for other fitness centres range between Tk 2,000 and Tk 50,000, with Gold's Gym, an American franchise, charging the highest.

Gold's Gym, established in June 2004, boasts around 2,000 members.

Operators say they enjoy profits with a constant rise in the number of members, from businessmen and service holders, to students.

"Gyms have become the latest hub for socialisation. Here you may hear discussion on business deals, jobs and in some cases, weddings," said Sadeque of Dhaka Sheraton Hotel.

Encouraged by the surge in members, beauty saloons are also keen to start-up gym

facilities and there has been a considerable rise in the number of shops catering to the needs of this industry.

Sports item sellers meet the rising demand for gym products, like treadmills, bikes and multi-gym equipment.

"Demand for sports goods was once high, which has been outpaced by the demand for gym equipment," says Masum Billah, salesman of Royal Sports at Maolana Vasan Hockey Stadium Market.

An increasing number of gyms have also created work for orthopaedic doctors and body builders, who are hired part time to stay on the gym floor to inform members about the correct way to exercise and avoid exercise related injuries.

"I maintain a tight schedule as I work as an instructor in three gyms and give time to members at my gym as well," says Sohel Rana, one of the three hundred body-builders in Bangladesh.

"I instruct people on different needs, like reducing belly fat, tightening muscles, losing weight and burning extra calories," he says.

"I joined a gym to remain fit and steer clear of age-related complications," says 40-year old housewife Fatima Laila, who previously walked around Dhanmondi Lake to be active. "I stopped walking there as I no longer had time in the morning and also for security reasons."

Fatima now bears a Tk 2,000 membership fee a month to Platinum Gym by cutting shopping expenses.

"I can go exercise after completing all my household chores in the day time, as the gym remains open till late at night."

Such flexible timing not only helps Fatima, but many others to be able to exercise after long hours at work.

sobel@thendaystar.net

Doha round, global slump top Apec talks



Ministers and delegates attend the opening session of the "Ministers Responsible for Trade Meeting session in Singapore yesterday. Asia-Pacific Economic Cooperation (Apec) trade ministers began meeting to discuss ways of clinching a global liberalisation deal in 2010 with signs that major recession-hit economies may be on the mend."

AFP, Singapore

Apec trade ministers began meeting here Tuesday to discuss ways of clinching a global liberalisation deal in 2010 with signs that major recession-hit economies may be on the mend.

Officials said the Asia-Pacific Economic Cooperation (Apec) meeting is the largest gathering of trade ministers so far in 2009 and follows a new consensus among key players to wrap up the Doha round of world trade talks next year.

"One of the advantages of the Apec meetings has always been the opportunity for us to meet informally within the Apec group and then also informally bilaterally and in small groups," said Indonesian Trade Minister Mari Pangestu.

"So we will be using a lot of opportunities, not just inside the meeting but outside of the meetings, to be able to discuss and identify the specific issues," she told AFP in an interview

Monday.

The eight-year-old Doha round of World Trade Organisation (WTO) negotiations aimed at tearing down trade barriers is among the items that will be discussed during the Apec meeting, the Indonesian minister said.

The meeting in Singapore comes just after a Group of Eight summit in L'Aquila, Italy where leaders of the world's most powerful nations and emerging economies agreed to wrap up the Doha talks by 2010.

"That's why Apec coming along two weeks after the L'Aquila (summit) is important to push the process along," said Pangestu.

Singapore will host the next Apec summit in November.

Australian Trade Minister Simon Crean, who was attending the two-day ministerial meeting, said he hoped the Singapore talks would lend further momentum to the stop-start Doha process.

"I strongly believe a conclusion to the Doha round is the best means for keeping the forces of protectionism in check and for contributing to the emerging economic recovery we are now seeing in our region," he told the Australian business community in Singapore on Monday.

WTO head Pascal Lamy, who will also participate in the Singapore meeting, said last month the Doha talks were back on track. Pangestu said 2010 was a "pretty realistic" target after eight years of discussions so far.

The Doha round was launched in the Qatari capital in late 2001 but has repeatedly foundered, notably over disputes between rich and developing nations on agricultural and industrial products.

Apec's 21 member economies -- including the United States, China, Japan and Russia -- account for over half of the world's gross domestic product and almost 44 percent of international trade.

IMF seeks to inject \$250b into members' forex reserves

AFP, Washington

The International Monetary Fund said Monday it plans to inject 250 billion dollars into member nations' foreign exchange reserves to boost liquidity amid the global economic crisis.

The IMF executive board on Friday endorsed the proposal to allocate Special Drawing Rights (SDRs) equivalent to 250 billion dollars, by far the largest general allocation in the rarely used tool, the IMF said.

"SDRs allocated to members will count toward their reserve assets, acting as a low-cost liquidity buffer for low-income countries and emerging markets and reducing the need for excessive self-insurance," it said in a statement.

The general increase in SDRs was part of a 1.1 trillion dollar plan agreed at the Group of 20 summit in London in early April to tackle the global financial and economic crisis.

"The SDR allocation is a key part of the fund's response to the global crisis, offering significant support to its members in these difficult times," IMF managing director Dominique Strauss-Kahn said in the statement.

The IMF board of governors is to vote on the proposal by August 7. If approved, the allocation will take effect on August 28.

The operation will increase each member country's allocation of SDRs by roughly 74 percent of its quota in the fund, which is broadly based on the member's relative size in the global economy.

A member country can choose to keep its SDRs, thereby boosting its international reserves, sell all or part of them, and convert them into other currencies to be used in transactions with other members or the fund itself.

"Some members may choose to sell part or all of their allocation to other members in exchange for hard currency -- for example, to meet balance of payments needs -- while other members may choose to buy more SDRs as a means of reallocating their reserves," the IMF said.

Nearly 100 billion dollars of the new allocation will go to emerging markets and developing countries, of which low-income countries will receive more than 18 billion dollars, the Washington-based institution said.

The proposed distribution dwarfs the total 21.4 billion SDRs (33 billion dollars) allocated in yearly installments through two previous general allocations: 9.3 billion SDRs in 1970-1972 and 12.1 billion in 1979-1981.