

International Business News

Sun absorbs \$147m loss as Oracle deal looms

AP, San Francisco

Sun Microsystems Inc. recorded a \$147 million loss while sales eroded 31 percent in the April-June period, likely the server and software maker's last full quarter as an independent company.

Sun's latest numbers, reported Friday in a regulatory filing without the usual news release and conference call with analysts, highlight the uneven financial performance that forced the Santa Clara-based company to put itself up for sale.

In April Oracle Corp. outbid IBM Corp. and agreed to buy Sun in a \$7.4 billion deal. It is scheduled to be completed this summer, and still needs approval from European anti-trust regulators, which could come any day now.

The deal will give Oracle more control over development of the Java programming language, which Sun invented and is a key ingredient of the Internet. It also moves Redwood Shores-based Oracle, a business software maker, into the hardware market. Sun is one of the world's biggest sellers of computer servers, which power Web sites and corporate back offices.

Sun said after the market closed that it lost \$147 million, or 20 cents per share, in the three months ended June 30, which is Sun's fiscal fourth quarter. That compares with a profit of \$88 million, or 11 cents per share, in the year-ago period.

Excluding employee stock-based compensation and other expenses, Sun said its loss would have been 3 cents per share.

French get list of tax suspects from Swiss

AP, Geneva

France has received a list of 3,000 French taxpayers with bank accounts in Switzerland as part of a double taxation agreement signed between the two countries last week, according to a report in a French newspaper Sunday.

French Budget Minister Eric Woerth was quoted in the weekly Journal du Dimanche as saying the accounts contained some 3 billion euros (\$4.3 billion), "some of which is very likely linked to tax evasion."

Woerth called on the account holders to come forward and bring their tax affairs in order by the end of the year. He ruled out an amnesty for tax evaders. "That would be an indefensible injustice," he said according to the interview published on the paper's Web site.

Swiss officials could not immediately be reached for comment.

If confirmed, it would be the second time Switzerland has agreed to set aside its strict banking secrecy rules and hand over the names of foreigners suspected of tax evasion.

Earlier this month Switzerland agreed to give the United States the names of 4,450 American taxpayers suspected of setting up secret offshore accounts with the help of Swiss bank UBS AG. The deal was part of a settlement to end a long-running U.S. probe against UBS, which became the focus of Washington's efforts to crack down on tax evaders.



Chinese labourers go about their chores at a construction project in Hefei, eastern China's Anhui province, on Saturday. Property sales in China have soared by over 60 percent so far in 2009, triggering fears of emerging asset bubbles.

Libya's oil-rich economy undermined by corruption

AFP, Tripoli

Petroleum makes Libya one of Africa's richest countries but corruption and bureaucracy have left even the country's leader Moamer Kadhafi scratching his head about what happens to all the money.

OPEC member Libya has estimated reserves of 42 billion barrels -- the third largest in Africa -- and pumps an estimated 1.8 million barrels per day.

Revenues from that, which account for 75 percent of the state budget and 95 percent of exports, have led to a surge in construction and consumer spending but efforts to modernise the economy have made slow progress.

The development of major sectors like health, education and infrastructure remains far from satisfactory, and many Libyans have failed to benefit at all despite the government's avowedly socialist policies.

The government softened its rigid socialism after the United Nations ended its 11-year embargo in 2003 and has encouraged private enterprise, to boost employment and reduce the financial burden of state subsidies.

Merkel on defensive over Opel as election looms

AFP, Berlin

Angela Merkel's efforts to secure a rescue of General Motors' Opel unit and the jobs of its 25,000 German employees have put the chancellor on the defensive, just four weeks before general elections.

So far in her campaign to win a second term, Merkel has been criticised for sitting on the fence on many issues, hoping that remaining aloof will keep her poll ratings high until voting day.

But on Opel, Merkel has stuck her neck out, ramming home again and again that she wants GM to sell a majority stake in the unit to Canadian auto parts maker Magna and state-owned Russian lender Sberbank.

Berlin has put on the table a 4.5-billion-euro (6.5-billion-dollar) state financing package to assist Magna and Sberbank -- but has said no finance would be offered to the other bidder, Brussels-based investor RHJ International.

ENTERTAINMENT

Lights dim over film industry

KAWSAR KHAN

The cinema industry seems to best resemble "its oldest cinema hall, the Picture House, later known as Shabistan, which was established in Armanitola of Old Dhaka in 1913.

The place where the cinema hall had once stood with pride and dignity for over 90 years is now a quiet area with eight to nine residential buildings, standing face to face, with an ailing passage that fades after a few yards.

At the end of the road stands a wall with a signboard of Islahul Ummah Madrasa and School that is located in one of those buildings. Nothing in the area carries the mark of the long-standing cinema projection house, except for in the minds of people.

"I always felt passionate about watching a movie at Shabistan as I knew that it was the oldest cinema hall in the country," said Rafiqul Islam, an Old Dhaka resident.

"The last cinema I watched there was The Mummy Returns but soon afterwards, I learnt that the hall was being replaced by buildings."

The tale of Shabistan is the same as hundreds of other cinema halls around the country, which were shut for being in the red for prolonged periods.

Hall owners blame thinning audiences for the losses, which led a number of cinema halls to pull down the shutters in the past few years.

"Around 10 years ago, we received around 600 to 800 people per show. But now, one show attracts only 200 viewers," says Pares Chandra Ghosh, an accountant of Purabi Cinema Hall in Mirpur.

He said good films still pull in large audiences, but such films are rarely produced.

Sector people and cinema critics said it was the low quality of cinemas, an absence of creativity, a stagnant market and sheer government negligence that almost guillotined the industry. It is the only available source of recreation for a chunk of people in the country, mainly for the low and middle classes.

In recent years, the poor turnout has also affected the production of cinemas by the Bangladesh Film Development Corporation (BFDC), popularly known as Dhaliwood, which was established in 1957.



A pedestrian walks past at a wall covered with local movie posters. A low turnout of viewers in cinema halls has pushed the country's film industry into a loss-making sector.

In 2009, 41 films were produced in Dhaka -- until February. The industry saw 74 films in 2008 and 84 in 2007, according to BFDC statistics.

The notion is that the satellite culture, obscenity and piracy have made investment in the industry highly vulnerable.

"If I invest Tk 1 crore on a film, I will not be at ease because it could be stolen. Pirated CDs and VCDs of the film could be distributed overnight across the country," cinema producer Ustad Jahangir Alam told The Daily Star. He has been trying to put an end to piracy for long.

But cinema critic Dr Gitiara Nasreen has a different view. "It would have been a blessing for us if a cinema produced in Dhaka had been so popular that it was worth being pirated," she said.

Nasreen also rejected the view that an availability of satellite channels has largely reduced the appeal for cinemas.

Putting forward an argument, Nasreen, who teaches in the department of Mass Communication and Journalism at Dhaka University, said, "Nowadays every sports match is aired on television, but still people battle to buy tickets to watch the match at the stadium."

"Similarly, satellite channels are very popular in the US and simultaneously, cinema halls also do good business over there."

She said cinema halls have a different appeal and people would definitely go there if films were entertaining.

The sector people said skilled filmmakers were left with no other option but to quit because of a low level of government support and poor infrastructure and technology. This left a vacuum that was later filled with people who had low filmmaking skills.

These people latter increased violence and obscenity in films to

attract audience and the film industry suffered as a result.

They believe coordinated government efforts, including bank facilities and good film institutes, are required to pick the industry from shambles and make it profitable and competitive.

Filmmaker Tareq Masud said: "Bangladeshi cinemas were at its peak in the 1960s, when it competed with films made in Bombay, Hollywood and in Urdu. Viewer turnout was also impressive then."

"Bangladeshi cinemas were doing well at that time and the famous Uttam-Suchitra pair was highly acclaimed among Bangalee cinema viewers," said Masud.

He said the government should allow private investment in BFDC to set up new studios and modern equipment as the present infrastructure is in a shabby state.

He suggested the government should privatise BFDC or relax government control, just like

Bangladesh Telecom Company Limited and Biman.

"In the 1960s, the film industry was among the top industries, boasting huge revenue generation," said Masud. He urged the government to provide loans for high quality film production, which is followed in many countries, including India.

If a conservative country like Iran could receive global acclaim through the film industry, why not Bangladesh," questioned Masud, urging a bold government policy.

Emdad Hossain, acting managing director of BFDC, identified satellite channels, obsolete technology and obscenity as the main reasons behind the present state of the cinema industry.

But he is optimistic about the future of the film industry. The government has recently undertaken a project to modernise it, he said.

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COMMODITY

Sugar crisis weighs on Pakistan festival

AFP, Karachi

A sugar crisis in Pakistan has wrong-footed the political leadership as mills owned by lawmakers are blamed for compounding the miseries of Pakistanis and housewives struggle to sweeten the Eid festival.

Depleted crops, international prices at 30-year highs and hoarding are variously blamed for Pakistan's latest commodity price hike, forcing the federal government to eye costly imports to stabilise prices.

Pakistan is Asia's third-largest user of sugar and the world's fifth largest producer of sugar cane, according to the Pakistan Sugar Mills Association.

Despite this production, Finance Minister Shaukat Tarin told AFP imports were now needed.

"We'll import 300,000 tons of raw sugar and 75,000 tons of refined sugar to stabilise domestic prices," he said.

A kilo of sugar cost 25 rupees (three US cents) at the start of 2009 and now costs more than 50 rupees, said independent economic analyst A.B. Shahid.

Estimates show a 23 percent decline in sugar crop production. While last year Pakistan produced 4.7 million tons, farmers are on track to produce 3.2 million tons this year. That means a severe shortfall as annual national consumption is 4.2 million tons.

Low rainfall has exacerbated the shortage but Pakistani manufacturers have been blamed for fuelling the problem.

"Sugar mill owners created an artificial shortage crisis. This is a clear case of total loss of government control over the market,"



Pakistani women queue to buy sugar at a fixed rate in Lahore on Saturday. A sugar crisis in Pakistan has wrong-footed the political leadership as mills owned by lawmakers are blamed for compounding the miseries of Pakistanis and housewives struggle to sweeten the Eid festival.

said Shahid.

Some of the country's 80 mills are owned by influential lawmakers affiliated both to the government and the opposition, injecting politics into sugar as into almost everything else in Pakistan.

"There are interest groups on our political landscape who... shelter each other in public because they have common vested interests," said Shahid.

"Such food crisis shortages will escalate further because we have a useless government, which does not know what to do. No trade

body takes action against the black marketeers and hoarders and we see total anarchy," he said.

The International Sugar Organisation (ISO) says worldwide sugar supplies are expected to fall nine million tonnes short of demand in 2008-09.

In south Asia, sugar has major social and political implications. It is a key part of the diet and an essential ingredient for delicacies at religious festivals, of which Eid al-Fitr is coming up in Pakistan and Diwali in India.

Pakistan, the world's second

most-populous Muslim nation, is observing the holy month of Ramadan, when after the dawn-to-dusk daily fast and the Eid holiday at the end, people consume more sugar and flour than normally.

"My husband is a labourer and the only breadwinner in the family, which is why we have reduced consumption of sugar and meat despite Ramadan because we simply can't afford it," said Pakistani housewife Samina Fateh.

She lives in the poor neighbourhood of Liauatabad in Pakistan's

teeming financial capital of 14 million people sprawled on the Arabian Sea.

"With the same money we buy half the amount of sugar as a couple of months ago. We used to eat meat and fish twice a month, now once a month," said Fateh.

The benchmark has seen sugar futures at the New York-based Intercontinental Exchange rise five percent to 22 cents a pound for October delivery, the highest since March 30, 1981.

The federal government is offering a one-billion-rupee (12-million-dollar) subsidy on essential food items through a chain of state-run utility stores across the country.

"Mill owners hoarded sugar and themselves increased prices thinking the government will ultimately import," said Rana Sanaullah, law minister in Punjab, one of Pakistan's sugar-producing provinces.

"There is a lack of consumer protection bodies in the country, which is the main reason that our people suffer," he added.

But mill owners take a different line, accusing the cash-strapped government of agreeing to imports too late.

"The government is responsible for the sugar crisis," said Humayun Akhtar Khan, a leader in the opposition Muslim League-Q party whose family owns a sugar mill partly held responsible by some ministers.

Neighbouring rival India is also reeling from a poor sugar crop, forcing it to import from ultra-expensive international markets.

The country is estimated to have only 4.5 million tonnes of sugar stock left, which would meet demand for just two months.