

International Business News

Tata eyes US for world's cheapest car

AFP, New Delhi

The maker of the Nano, the world's cheapest car, said Tuesday it was developing a version of the vehicle for the US market with a larger engine and higher safety standards.

"We also recognise there is a market not only in developing countries, but possibly for a low-cost car in developed markets," the chairman of Nano manufacturer Tata Motors, Ratan Tata, told reporters at the Delhi auto show.

"For the US, we need a car that will have a larger engine, which needs additional crash tests, modifications, and we're in the process of doing this."

The basic Nano, a stripped-back four-door vehicle launched at the Delhi show two years ago, costs about 2,500 dollars, while the top-end model with additions such as air-conditioning and a rear wiper costs 3,700 dollars.

Tata received 206,703 bookings for the car when it began accepting reservations in April last year, but waiting lists are long because of difficulties in setting up a production plant.

The Nano has sparked a race to create other ultra-low-cost cars for the Indian and other emerging markets.

Taiwan lawmakers ban some US beef imports

AP, Taipei, Taiwan

Taiwanese lawmakers voted Tuesday to ban imports of some kinds of US beef over concerns about mad cow disease, reversing an earlier deal the government had negotiated with Washington.

The legislature's move to reinstate a ban on US ground beef and offal reflects public concern that Taiwanese health officials lack sufficient safeguards to prevent mad cow disease. Mad cow disease is a brain-wasting disease in cattle, which in humans can cause a variant form, Creutzfeldt-Jakob disease.

While the US voiced its disappointment with Taiwan's move, it is unlikely to have serious consequences for relations between the sides, including American arms sales to the island.

Taiwan purchased \$128 million in beef products from the United States in 2008. In 2002 -- the last full year that the banned beef items were sold on the island -- they constituted about 13 percent of total U.S. beef imports.

Long-running negotiations between the sides to drop the partial US beef ban were concluded in October. Influential congressional representatives from beef-producing states had pressed Taiwan to allow all kinds of US beef to enter the island.



A man and a child ride a bicycle in Bangkok yesterday. The number of foreign tourists this year is expected to reach 16 million as targeted, if there are no serious political disturbances or epidemics, according to the Tourism Authority of Thailand.

Japanese executives see slow economic recovery

AFP, Tokyo

Japan's business leaders warned Tuesday the economy was unlikely to recover until the second half of this year as the nation faces being overtaken by China as the world's second largest economy.

"Unfortunately, the Japanese economy has yet to be on course to sustainable recovery," Fujio Mitarai, chairman of Japan Business Federation, told a joint news conference after a New Year party with the nation's top executives.

"The first half will remain severe as deflation is likely to continue for now," said Mitarai, who is also chairman of Canon.

"But we are going to see signs of recovery globally in the second half," he said. "I hope the economy will recover slowly in the second half."

Tadashi Okamura, chairman of the Japan Chamber of Commerce and Industry, also predicted the economy "will slowly recover in the second half."

North Korea looks to boost failed trade zone

AFP, Seoul

North Korea has upgraded the status of a free trade zone near its border with China and Russia as it looks to boost foreign investment, state media said Tuesday.

The move is also seen by analysts as a further attempt by Pyongyang to reassert government control of the faltering economy, more than a month after North Korea drastically revalued its currency.

Three weeks ago North Korean leader Kim Jong-Il reportedly visited the northeastern city of Rason, formerly Rajin-Sonbong, which became a special economic zone in 1991 but never fulfilled its proposed role as a transport hub.

"Rason City was designated as a municipality" in a decree issued by the Presidium of the Supreme People's Assembly (parliament), the official Korean Central News Agency said.

REAL ESTATE

REHAB fair sweetens home loans



A customer chooses her best-suited apartment at the stall of Concord Real Estate & Building Products Ltd in REHAB Fair at Dhaka Sheraton Hotel yesterday. Organisers anticipate sales of Tk 1,000 crore from the show.

STAR BUSINESS REPORT

A five-day real estate and housing show presents home loan seekers a chance to get finance for low processing fees, as some banks and other financial institutions have cut the charges by 0.5 to 1 percentage points.

Delta Brac Housing Finance Corporation Ltd (DBH), BRAC Bank, National Housing Finance and Investment Ltd and IDLC Finance are the participating banks that slashed their interest rates to sanction home loans at the fair that began at Dhaka Sheraton Hotel yesterday.

"We have waived our loan processing fees as many people expect to receive discounts at such fairs," said Golam Murshid, a manager of the Uttara branch

of DBH, at his stall.

Murshid said financial institutions offer loans to all types of customers, including those who seek low-cost finance under the Bangladesh Bank (BB) refinance scheme.

Under the BB's housing loan refinance scheme, a person earning no more than Tk 50,000 a month will be offered finance to purchase either an apartment or build a home at an interest rate of 9 percent.

But the maximum size of the apartment must be 1,250 square feet.

"We will be able to sanction up to Tk 20 lakh to a person under the refinancing scheme," he said. "We can sanction up to 70 percent of the value of the apartment for home loan seekers who do not fall under the Bangladesh Bank refinance criteria."

Sarder Akhter Hamed, vice president

and head of retail banking of BRAC Bank, said the bank launched a loan product styled 'Apon Ghor' to minimise the hassles faced by customers.

"We will help clients find a suitable home according to their taste, budget and area preference. In addition, we will provide consultancy services to help them find developers, interior decorators and furniture and soft furnishing," said the official.

BRAC Bank slashed all its processing fees by 0.5 percentage point.

Officials of BRAC Bank said they would extend loans to a private professional earning a minimum of Tk 25,000 a month.

Other participating financial institutions are HSBC and Standard Chartered Bank.

COLUMN

HABIBULLAH N KARIM

Bangladesh IT industry going global

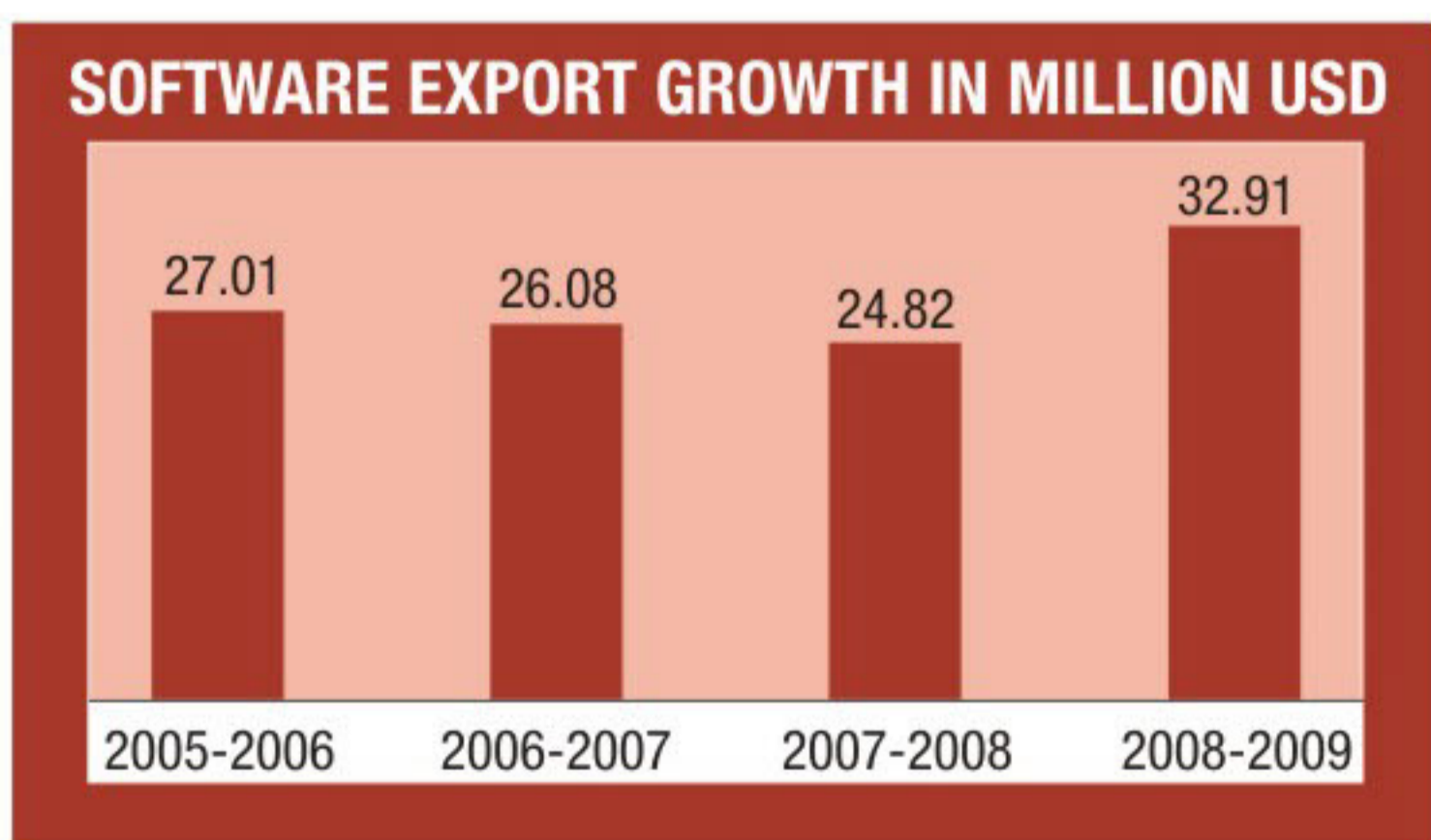
The information technology industry in Bangladesh has gradually come of age and today accounts for more than Taka 25 billion or USD350 million in annual revenues.

It is still a tiny blip compared to a GDP nearing USD100 billion but it's a noticeable blip that is growing markedly every year.

Twenty years ago the IT industry was predominantly a hardware vendors market with little or no value addition locally. Today there are more than 320 software and IT services firms registered as members of the Bangladesh Association of Software and Information Services (BASIS) that adds in excess of USD100 million in value through a full spectrum software and IT services for both domestic as well as overseas clientele.

The growth in BASIS membership is significant for the IT industry for a number of reasons a) it indicates a deepening of the IT skills available locally, b) it manifests growing confidence of global and local buyers on local IT talent and c) it marks a clear departure from the traditional entrepreneurship model based on physical-labour-intensive production industries.

Bangladesh today is the third largest exporter of apparels and this industry will continue to dominate our export basket for the foreseeable future. However, as our literacy rate, secondary educa-



tion rate and most importantly our tertiary education rate improves, our capacity for knowledge-based industries also increases. This is evident from the fact that Bangladesh has had more than 60 call centres set up with a combined capacity of over 2,000 seats in a span of only two years since 2007. Software and graphic design service exporters raked in nearly USD33 million from July 2008 to June 2009 an increase of 32 percent from the previous year despite severe economic recession in most buying countries. The growth trend is getting stronger with time as IT entrepreneurs scale up their operations riding on increased overseas market penetrations and bigger investments.

The growth in software and IT services exports in 2008-09 fiscal year is specially significant since growth was slightly negative in the

previous two years. According to some business climate surveys done in early 2008, the sluggish export performance in IT services then was due in large part to the political uncertainty prevailing in the country in that period. However, the return to robust growth points to the fundamentally strong base of the industry that is hungry for bigger successes in the coming years.

What is however, more significant is that many of our IT companies are venturing off-shore and garnering recognisable footprints in industries such as IP telephony solutions to high-end server maintenance services in many countries. This is certainly a welcome trend in an industry where skills and competencies are mostly universal.

Bangladesh's education system has deeply entrenched links to the English language over many cen-

turies. This has made English the de facto second language. What's more important though, English is the primary language of trade and commerce here, which makes Bangladesh a very attractive destination for software and IT services offshoring. The World Bank in a study conducted in 2008 concluded that as one of the largest Anglophone countries in the world Bangladesh is poised for triple digit growth in its export of software and IT services. The WB projects such exports to exceed USD500 million by 2014. In another development the Geneva-based International Trade Centre in a study on the IT-enabled services industry concluded that this segment of the software and IT services industry will reach USD150 million in export revenue by 2011. In a related study conducted by the Japan International Cooperation Agency (JICA) in

2007-08, they ranked Bangladesh ahead of all other offshoring countries in Asia except India and China on software and IT services competencies. However, in terms of competitiveness Bangladesh ranked at the top.

With such favourable assessments of the software and IT services industry here, it's no wonder that many global software and IT services companies are setting up their captive operations here and at the same time many local players are going global with their offerings. It's time this industry took to the wings and reached ever greater heights for all to see.

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Nestle makes giant pizza strike, leaves Cadbury to Kraft

AFP, Zurich

Food giant Nestle took a big slice of the giant pizza market in North America on Tuesday, announcing the purchase of Kraft Foods' pizza business for 3.7 billion dollars (2.5 billion euros).

But Nestle, cash rich and takeover hungry, revealed also that it was shunning the British Cadbury confectionary chain.

Instead, it was Kraft that said it would use the entire proceeds from the deal with Nestle to modify a bid for Cadbury, in a big re-slicing of the food retail sector financed in part by assets in the health business of eye care.

The statement by Nestle was seen as quashing rumours that the group, which said a day ago that it would bank 40 billion dollars for selling its stakes in eyecare giant Alcon to Novartis, would use its treasure chest to bid for Cadbury, famous for milk chocolate bars.

Cadbury meanwhile, which had rejected Kraft's earlier bid, quickly said in reaction that the hostile offer from Kraft remained the same.

"Kraft has once again missed the point. Despite this tinkering, the Kraft offer remains unchanged and derisory with less than half the consideration in cash," said a Cadbury spokesman.

Under the new offer, Kraft has offered Cadbury shareholders an additional partial cash alternative of 60 pence per Cadbury share, in place of some of the new Kraft Foods shares that they would have otherwise received.

The original cash and shares offer by Kraft included 300 pence in cash and 0.2589 new Kraft Foods shares, valuing Cadbury at about 10.2 billion pounds initially.

However, the value has since fallen to around 9.9 billion pounds (11 billion euros, 16.1 billion dollars) amid a drop in Kraft's share price and the weakening US dollar.

Explaining its revised offer, Kraft said it was a response to "the desire expressed by some Cadbury security holders to have a greater proportion of the offer in cash and because Kraft Foods shareholders have expressed a desire for Kraft Foods to be more sparing in its use of undervalued Kraft Foods shares as currency for the offer."

The US group said it believed its share price has been depressed due to short term factors which would dissipate once the uncertainty surrounding its offer for Cadbury is resolved.