

International Business News

Indian carmaker Maruti quarterly profit triples

India's leading carmaker Maruti Suzuki reported Saturday its quarterly net profit more than tripled, fuelled by cheap loans and a reviving domestic economy.

Maruti, majority owned by Japan's Suzuki Motor Corp, said net profit during the fiscal third quarter soared to 6.88 billion rupees (149 million dollars) from 2.14 billion rupees a year earlier.

The figure outstripped market expectations that profit for the three months to December would total about 5.8 billion rupees.

The company, which sells about one in two cars in the country, said sales jumped 62.5 percent to 73.34 billion rupees.

The car manufacturer attributed the profit increase partly to government stimulus measures aimed at boosting the economy that have put more money into the hands of India's increasingly affluent middle class.

"Favourable conditions in the domestic market supported by the government's stimulus package and ease of automobile finance helped achieve good sales," the company said in a statement.

Google co-founders to sell 5m shares each

Google founders Larry Page and Sergey Brin each plan to sell five million shares in the Internet giant, a move that would reduce their joint holdings to below 50 percent, according to a filing Friday with the US Securities and Exchange Commission (SEC).

The SEC filing said the stock sales, which will occur over the next five years, are part of a pre-determined stock trading plan set up by Page and Brin on November 30, 2009.

It said the Google co-founders currently hold about 57.7 million shares of Google stock, which represents 18 percent of Google's outstanding shares and 59 percent of the voting power.

Page and Brin each plan to sell five million shares, which would leave them with approximately 47.7 million shares or 15 percent of Google's outstanding shares and 48 percent of the voting power, the SEC filing said.

Although Page and Brin would no longer hold a majority of the voting power, their remaining holdings would allow them to continue to exert control over the Internet search and advertising giant.



Japanese electric vehicle (EV) company SIM-Drive President and Keio University Professor Hiroshi Shimizu explains technologies during the company's press conference on development of their first EV in Tokyo on Friday. A total of 34 companies and autonomes join the business to develop the EV using SIM-Drive's technologies of in-wheel-motor and component-built-in platform.

Sony Ericsson loss shrinks

Mobile phone maker Sony Ericsson reported a smaller-than-expected quarterly loss on Friday and said ongoing restructuring would only yield results in mid-2010 in the face of fierce competition for smartphones.

In the October to December period, the world's fifth-biggest cell phone maker saw its net loss shrink to 167 million euros (236 million dollars) from 187 million a year earlier, but for the full-year the shortfall swelled from 73 million euros in 2008 to 836 million in 2009.

Sales plunged from 11.24 billion euros in 2008 to 6.79 billion in 2009, with volumes dropping from 96.6 million units sold to 57.1 million.

Sony Ericsson's chief executive Bert Nordberg said the positive effects of a restructuring programme undertaken a year ago were expected to be seen as of the third quarter.

ECB president: Greece must put finances in order

Greece and other euro-zone countries with excessive budget deficits must do everything they can to put their finances in order, the president of the European Central Bank said in an interview published Saturday.

The European Union has been pressing Athens to implement a strict austerity plan and plug its deficit, which stands at more than four times the EU-mandated limit of 3 percent of gross domestic product.

"Not only Greece, but also other countries - that goes without saying - must do everything they can to put their national finances in order, bringing them fully into line with the provisions of the Stability and Growth Pact," ECB President Jean-Claude Trichet said in an interview with the German weekly Focus.

REGIONAL TRADE

Poor infrastructure main setback

Nepal's finance minister talks to The Daily Star

SAJJADUR RAHMAN

It is high time for South Asia to go all out for removing infrastructure bottlenecks to capitalise on their growing partnership and connectivity, the Nepalese finance minister says.

As far as connectivity is concerned, the region of nearly 170 crore people lags behind seriously not only in physical infrastructure connections such as roads and railway networks, air, sea, internet, trade, commerce and tourism links, but also in people-to-people contact, says Surendra Pandey.

"Certainly, there are huge potentials in the region. But there is also a big gap in infrastructure needs," the finance minister of the Himalayan kingdom told The Daily Star in an interview recently during his visit to Dhaka to attend an LDC dialogue.

"We are talking on big issues (regional transit), but not preparing ourselves for smaller issues, such as infrastructure, to promote trade," says Pandey.

Nepal and Bhutan have recently been given the much-needed transit by India through Bangladesh to allow these two landlocked countries to do their external trade through Bangladeshi seaports Mongla and Chittagong. Mongla port will be much closer to them. Businesses and experts have already welcomed the move, saying that it would increase intra-regional trade and investment.

Nepal is keen on using Mongla port, which it believes would make its external trade, particularly imports, much 'quicker and cheaper'.

But Pandey fears poor infrastructure could pose a great threat to reaping the benefit.

"We are very closer to you (Bangladesh), only 44 kilometres away. We can reach Mongla port easily. Cost of our business will decrease significantly," says the minister.

But he said poor infrastructure at Indian and Bangladeshi land ports and non-cooperation of India are hindering trade promotion between Bangladesh and Nepal.

"At a time they (India) permit a few trucks on security concerns. We have to wait for days to provide police supports for transporting the goods," the minister says.

"Not only that, a Nepalese truck can't



Surendra Pandey

enter Bangladesh; they (trucks) have no permission, meaning that they can't go beyond the zero point in India. The traders have to unload all the materials in the Indian part and pick other trucks in your country. It's costlier."

Nepalese business community has long been demanding permission to use Mongla port, but the 44-kilometre Indian territory between Bangladesh and Nepal has hindered the opportunity although

the two countries have a transit deal since 1976.

Nepal relies fully for its external trade on Kolkata port in West Bengal of India, where delays due to congestion lead to high costs.

During the visit, Pandey met his Bangladeshi counterpart AMA Muhith and discussed several bilateral issues, including transit, use of Nepal's huge water resources for power generation and the tariffs

imposed on imports of fruits and vegetables from Nepal.

The Nepalese minister says his country has huge water resources that can produce 50,000 megawatts of hydroelectricity. It could be 100,000 megawatts. But Nepal now produces only 600 megawatts.

Bangladesh has a high demand for energy as it faces severe load shedding, he says.

"Why don't we come together to generate hydropower in Nepal?" says the minister. "It will be interesting for Bangladesh to be a part of hydropower generation projects in Nepal along with India."

He says he has also talked to the World Bank and the Asian Development Bank for funding hydropower generation projects in Nepal and they are keen on it.

Now Bangladesh, India and Nepal have to sit together to reap the benefit of hydropower potential in Nepal, he adds.

On regional connectivity through transit, the minister says Nepal has been raising the issue for years and it had also been discussed with India in October last year during the Nepal's prime minister's visit to India.

"India looks more liberal now than before. They accepted some issues, such as transit," the Nepalese minister says, hinting the outcomes of Prime Minister Sheikh Hasina's India visit.

He also expressed dissatisfaction over Saarc (South Asian Association for Regional Cooperation) for not being effectively functional although many regional pacts became successful in the meantime.

"This is not 1950s or 1960s when every country took issues politically and from the national point of view. Now all see from economic point of view," says the minister.

Pandey says Bangladesh and Nepal have the experiences of fighting for democracy. India also has some sorts of internal problems. The minister believes it is high time for all these countries to get integrated and connected on a win-win basis.

He wants South Asia to reap benefits as the economic trend is shifting from the west to the east and Asia will be the power.

"South Asia has so many people and so many markets. If we can develop our economy, there is no tension about the markets," says the minister.

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US POLICY

Bernanke fate in doubt

AFP, Washington

President Barack Obama's administration is scrambling to save the nomination of Federal Reserve chairman Ben Bernanke as more opposition emerges from members of the president's own party.

Two Senate Democrats announced they would vote against Bernanke's bid for a second term on Friday, underscoring a major populist shift in the political landscape after a Republican's stunning Massachusetts victory ended the Democratic supermajority in the Senate.

The embattled chief's fate spilled over into Wall Street, contributing in part to a three-day slump of nearly five percent spurred by renewed fears over the economic outlook, a tougher White House stand on banks and financial market regulation and worries over China's overheating economy.

But Obama is confident the Senate will confirm Bernanke, a White House spokesman told reporters traveling with the president en route to Ohio.

"The president has a great deal of confidence in what chairman Bernanke did to bring our economy back from the brink," deputy White House spokesman Bill Burton said.

The comments came as senators Barbara Boxer of California and Russell Feingold of Wisconsin joined the growing ranks of lawmakers saying they will vote against Bernanke, whose term is up January 31, over sharp criticism of his role in the global financial meltdown.

"Under the watch of Ben Bernanke, the Federal Reserve permitted grossly irresponsible financial activities that led to the worst financial crisis since the Great Depression," Feingold said in a statement.

Boxer criticised Bernanke for supporting policies of former president George W. Bush that "led to the current economic crisis," and insisted that the next Fed chief "must represent a clean break from the failed policies of the past."

As many as 10 Democrats are thought to oppose Bernanke, along with several Republicans.

Yet by late Friday, Senate Democratic Majority Leader Harry Reid issued a statement supporting Bernanke, hinting that Democrats may still manage to secure the 60 votes necessary to block any Republican parliamentary delaying tactics.

"Conventional wisdom rarely credits those who averted disaster, but that's precisely what chairman Bernanke did," Reid said, noting his support "is not unconditional" and that he would hold Bernanke to his pledge of "transparency and accountability."

Independent Senator Bernie Sanders, one of Bernanke's chief critics, said getting rid of him would be an opportunity to rewrite rules for the financial system.

"A new Obama appointee could transform the Fed into an instrument for the middle class of this country rather than high-rolling Wall Street executives," Sanders said.

No vote has yet been scheduled in the Senate, but administration officials said Treasury Secretary Timothy Geithner and Obama's chief of staff Rahm Emanuel were working to secure enough votes for the nomination.

The opposition highlighted deep national worries about the econ-



Ben Bernanke

omy as a dominant theme ahead of November mid-term elections. Bernanke's most vocal critics charge he has coddled Wall Street and turned a deaf ear to Main Street.

Analysts said tossing out Bernanke could trigger new turmoil in financial markets.

"I think what is going on now is that politicians feel that Fed bashing and bank bashing is the way to get back into favor with the American voters," said Nariman Behravesh, chief economist at IHS Global Insight.

"If he is not reappointed I think the markets would have a fit... This is a time when there is still a fair amount of uncertainty but one area of certainty is that there is a steady hand on the helm at the Federal Reserve."

Time magazine named Bernanke its 2009 "Person of the Year" in December, crediting him with helping guide the United States through financial turmoil.

Although many economists agree that his efforts eased the impact of the worst crisis in decades and likely averted a new Great Depression, a number of lawmakers blame Bernanke for failing to stop the housing and credit bubble that led to the crisis.

MediaNews parent files for bankruptcy protection

AP, San Francisco

The owner of The Denver Post, San Jose Mercury News and 52 other daily newspapers filed for bankruptcy protection Friday, joining the procession of publishers choking on too much debt.

The filing by Affiliated Media Inc, the holding company of MediaNews Group, was expected. The privately held company had said Jan 15 that it would seek to reorganise its finances in bankruptcy court.

MediaNews, based in Denver, says its newspapers and 8,700 employees won't be affected during the bankruptcy proceedings.

Affiliated Media worked with its major lenders and shareholders to hammer out a plan aimed at shortening the company's stay in federal bankruptcy court in Delaware. Affiliated hopes to emerge from bankruptcy protection within a month or two.

The plan calls for Affiliated Media's debt to fall to \$179 million from \$930 million, according to a person familiar with some of the additional bankruptcy documents expected to be filed late Friday. This person wasn't authorised to discuss them before they were filed.

In exchange for this \$751 million concession, a group of lenders led by Bank of America become the company's majority owners with 88 percent of the stock. The remaining 12 percent goes to MediaNews' management team, which is led by William Dean Singleton, who is also chairman of The Associated Press. The MediaNews executives will receive warrants that eventually could boost their combined stakes to 20 percent.