

International Business News

Ford launches affordable made-for-India compact

AP, Mumbai, India
 Ford Motor Co launched its first made-for-India compact car Tuesday, as the US automaker continues its push into fast-growing Asian markets.

The four-door Figo, Italian for "cool," is the Dearborn, Michigan-based automaker's first car designed - and priced - for the mass Indian market.

"Come heat, come dust, come monsoon rains or Delhi traffic, the Figo was born and bred for India," said Michael Boneham, president and managing director of Ford India. As the global auto industry suffers, India has been enjoying an auto boom. An economic rebound, rising incomes and pent-up demand drove car sales to 1,370,659 vehicles from April to February, 25 percent more than during the same period the previous year.

Ford has ramped up investment in China and India, but has been slow to adjust to the proclivities of Indian carbuyers, three quarters of whom buy super-small, super-affordable cars.

The luxurious sedans Americans favor find little room on India's teeming streets, and they're priced stratospherically out of reach for a nation where the per capita income is about 43,750 rupees (\$960).

China Southern Airlines to raise \$1.6b

AFP, Shanghai
 China Southern Airlines, the nation's biggest carrier by fleet size, said Tuesday it plans to raise 10.75 billion yuan (1.6 billion dollars) to repay bank loans and replenish its capital.

The company will issue up to 1.77 billion yuan-denominated A-shares at a minimum price of 5.66 yuan each to 10 institutions including its parent in a private placement, it said in statements to the Shanghai Stock Exchange.

China Southern will also issue up to 312.5 million H-shares at a minimum of 2.73 Hong Kong dollars (35 US cents) to Nan Lung Holding Ltd, a subsidiary of its parent China Southern Air Holding Company, it said.

State-owned China Southern Air Holding Company and its Nan Lung Holdings unit will jointly subscribe to new shares worth at least 1.5 billion yuan -- the amount of aid China's finance ministry awarded the airline's parent.

China Southern said it would use the proceeds from the private placement to pay back bank loans totalling 4.8 billion yuan and 1.35 billion dollars.



AFP
 A woman works at the front desk of the offices of British insurer Prudential in Hong Kong yesterday. Prudential, which is planning a massive assault on the Asian market, said on Monday that it would speed up its plans to list shares in the group on the Hong Kong stock exchange.

Merck, Sanofi combining animal medicine businesses

AP, Trenton, New Jersey
 Two of the world's biggest pharmaceutical companies said Tuesday they are uniting their animal health businesses in a deal to become the top dog in the veterinary industry.

Merck & Co and France's Sanofi-Aventis SA said they will jointly own the combined business, which will have a share of about 29 percent in the \$19 billion-a-year global market for medicines for pets and livestock. That's well ahead of the current leader, Pfizer Inc.'s Fort Dodge unit, which has about 20 percent of the market.

The joint venture will combine Sanofi's Merial animal health business, the maker of Frontline flea and tick fighter and Heartgard for preventing heartworm infection, with Merck's Intervet/Schering-Plough unit, which mainly makes vaccines and drugs for farm animals. Merial mainly operates in North America and South America, while Intervet sells in Europe and emerging markets.

Dubai World outlines debt plan to leading creditors

AFP, Dubai
 The debt-ridden Dubai World conglomerate is outlining proposals to restructure 22 billion dollars of its debt to leading creditors, The National daily reported Tuesday. Dubai World's chief restructuring officer Aidan Birkett met with the Hongkong Shanghai Banking Corporation (HSBC) in London Monday "to outline proposals for settlement" of the group's debt, the Abu Dhabi-based paper said. HSBC is a member of the coordinating committee for the 90-plus Dubai World lenders, it said. Birkett is also expected to meet other lenders, including the committee's chair, the Royal Bank of Scotland, The National added. A Dubai World spokesman refused to comment on the report. But a Dubai official told AFP Monday that the government expected the indebted conglomerate to present a formal proposal this month to reschedule the debts of its troubled subsidiaries.

DEBATE

Ship-breaking conundrum

KAWSAR KHAN

Ship breakers are steadfast in their demands to cancel a policy that denies the entry of ships with toxic elements, but environmentalists are viewing this as an acid test for the government's firmness to save the environment.

The stalemate in the ship-breaking sector set in after the government issued a statutory regulatory order (SRO) on January 26, amending the import policy that makes it mandatory for ship importers to submit pre-cleaning certificates for ship imports.

A certificate ensures that a ship, which is going to enter the country's maritime territory, does not contain toxic elements.

But after enforcement of the SRO, ship breakers called a strike on February 21 at the ship breaking yards and also stopped the supply of scrap to the re-rolling mills, saying the labour intensive sector will lose global competitiveness if the SRO remains. The strike was called off on Thursday, giving the government a week to cancel the SRO. The workers of the yards also joined the strike.

The ship breakers are the major suppliers of scrap to over 250 local re-rolling mills.

They said it was not possible to manage a pre-cleaning certificate from the ship owners as ship ownership changes from time to time. They argued that as a ship moves from sea to sea, it will be difficult for an owner to clean the ship.

"If a ship of Greek ownership is sold to a Bangladeshi buyer when it is at the Mumbai Port, the ship will have to go to Greece to manage a cleaning certificate," said Anam Chowdhury, a consultant of Bangladesh Ship Breakers Association (BSBA).

He said the whole process will make ship-breaking costly for Bangladesh and shift the business away.

"It is a global conspiracy to soil the prospective ship breaking industry of Bangladesh," BSBA Vice President Kamal Uddin told The Daily Star by phone on Sunday.

Chowdhury said: "As ship breaking is emerging as a prospective sector globally, some European countries also started the trade."

"But since they won't buy ships at the high rate we purchase at, they began conspiring against us," he claimed.

The ship-scraping site on the stretch of beaches at Sitakunda in Chittagong is the largest ship breaking industry in the world that



engages some 30,000 workers. The country imported 172 ships for breaking last year while the number was 200 in 2008.

The \$700 million industry produces 15 lakh tonnes of scrap a year.

While the Basel Convention, which is ratified by Bangladesh, prohibits inter-boundary movement of toxic elements and sludge, such as mercury and asbestos, Chowdhury said, the International Maritime Organisation sponsored the controversial treaty on ship breaking that allows trans-boundary movement of such wastes.

The 'Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships 2009' attracted huge criticism from environmentalists and labour leaders, as an unclean ship provides an inventory of hazardous materials aboard before it is sent for recycling.

On the plus, the convention calls for workers to be equipped with a wide range of protective gear that the ship breakers do not follow.

"After buying a ship, we have to give it to a contractor for dismantling. They engage workers to do it.

So the responsibility lies on the contractor to manage all kinds of safety equipment and training," the BSBA vice president said.

He said ship breakers provide millions of dollars in duties to the government, which should be used by the government to establish training facilities for the workers.

Lambasting ship breakers for their contribution to sea and environment pollution, environmentalists welcomed the SRO and urged the government not to succumb to pressure from the breakers.

They said no ship breaking yard in Chittagong has any environmental clearance to operate and they discharge different toxic elements into the seas and cause damage to marine life.

Citing a report styled 'The Human Cost of Breaking Ships' published in December 2008, simultaneously from Bangladesh, India and Switzerland, at least 1,000 workers died in the last 20 years in Bangladesh's ship-breaking yards. The figures do not include the deaths from diseases caused by toxic fumes and the materials workers are exposed to all the time.

"It is an international practice

that ship owner should clean the ship before sale for dismantling," said Mohammad Ali Shahin, Bangladesh Coordinator of NGO Platform on Shipbreaking.

He said four to five countries are major players in the global ship breaking industry, with Bangladesh ranking first in 2009. Other countries include India, China, Vietnam and Pakistan.

"All the countries, excluding Bangladesh, buy clean ships," said Shahin, adding that the guidelines to scrapping old ships are very strict in China.

He said as Bangladesh is the leading ship breaker, the country can take a leading role in global practices on ship breaking.

Environmental activists also found it very peculiar that ship breakers are tense over importing ships with pre-cleaning certificates, although it lies mainly on the ship owners.

The import of ships with toxic sludge on board should not be allowed as it causes fatal accidents, such as explosions during breaking of the ships, causing human casualties, they added.

Taslima Islam, senior lawyer of Bangladesh Environment Lawyers Association (BELA), said ship breaking is a dangerous job that

causes huge fatalities every year. In the last 11 years till 2009, there were 60 reported deaths at shipyards, she said. "But many deaths go unreported and those who die from injuries at shipyards, are not included in the toll."

Besides, explosions cause impacts on the workers that they bear till the last day of their lives.

"The element asbestos is so lethal that if any worker inhales it even once, he will certainly be affected by cancer later in life," she said.

A worker at a ship breaking yards said, "As gas is invisible, we have to understand through smell whether any unit of a ship contains explosive gases. Only with many years of experience, a skilled worker can understand whether the ship contains explosive gases. But often, newer workers fail to detect the presence of gases, causing explosions."

He also said the ship breakers compelled the workers to join the protests against the government and NGOs to cancel the SRO.

But Taslima Islam of BELA said: "We are not against breaking ships. We want that the workers can work in a clean environment."

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TECHNOLOGY

Sony starts selling 3-D TVs in June

AP, Tokyo

Sony Corp said Tuesday it will start selling 3-D televisions in June, joining a competitive industry-wide push to convince consumers to embrace the technology for their living rooms.

The Japanese electronics giant, known for its PlayStation 3 game consoles and Bravia flat-screen TVs, will offer its fully capable 3-D TV model in four sizes this summer.

The 40-inch and 46-inch versions will go on sale on June 10 in Japan, while the 52-inch and 60-inch TVs will be available starting July 16.

Although the company did not release a global launch date, Sony Senior Vice President Yoshihisa Ishida said the new TVs will hit stores in the US and other countries around the same time.

The 40-inch 3-D will cost about 290,000 yen (\$3,200), and the biggest 60-inch will retail at 580,000 yen (\$6,400).

Included are two pairs of Sony's 3-D glasses, as well as a camera sensor on each unit that will adjust sound and picture quality based on viewers' positions. A remote control button enables the switch from a regular 2-D image to 3-D.

Sony hopes that 10 percent of the 25 million TVs it aims to sell next fiscal year will be 3-D units.

CEO Howard Stringer has said the Tokyo-based company aims to be profitable in flat-panel TVs and gaming next fiscal year, and is pushing 3-D technology



Models display a new Sony 3D television in Tokyo yesterday. Sony will start to sell the 3D Bravia from June.

as a key strategy. Interest in 3-D has accelerated recently with the help of three-dimensional blockbusters such as "Avatar" and "Alice in Wonderland," which earned a

record \$116.3 million in its opening weekend.

Ishida described the current fiscal year that began last April as a difficult period that

forced Sony to focus on restructuring and reversing losses.

"We will go on the offensive in 2010," he said at a press conference in Tokyo.

But the same rivals that Sony has struggled against in recent years, such as South Korea's Samsung Electronics Co, are making similar bets in 3-D and other technologies.

Samsung, the world's best-selling TV maker, began selling 3-D units in South Korea last month and aims to move 2 million worldwide this year. Panasonic Corp is partnering with Best Buy Co to fuel sales of its own 3D TVs, which launch in the US on Wednesday.

To stand out, Sony plans to exploit its strengths in entertainment, gaming and other products to offer customers a broad selection of 3-D content. The company will release a firmware update to its PlayStation 3 console this summer, making three-dimensional gaming a reality.

"By strengthening the relationships between our content and other products, we aim to create a uniquely Sony world," Ishida said.

Sony will offer two additional, lower-priced models with 3-D functionality. Customers, however, will need to buy a transmitter and 3-D glasses separately. The transmitter will cost 5,000 yen (\$55) and the glasses about 12,000 yen (\$133).

In trading on the Tokyo Stock Exchange, Sony shares rose 1.1 percent to 3,330 yen, beating a 0.2 percent decline in the benchmark Nikkei 225 index.