

International Business News

British Airways passengers face disruptions

AP, London
British Airways workers took to the picket lines Saturday for a second round of strikes against the struggling airline, causing widespread disruption and frustration among passengers.
Union officials say 12,000 members are taking part in the four-day strike, which comes only a week after another walkout touched off travel chaos.
BA has been taking a hard line against strikers, and has promised to fly more than three quarters of booked passengers. But its Heathrow services will be severely depleted -- down to 55 percent for short haul and 70 percent for long haul -- as the dispute over pay and changes to working conditions trudges on.
"This is the second part of the biggest contingency plan we have ever launched and our aim will continue to be to fly as many customers as we can," the airline said in a statement.
Both the airline and the union say they are willing to return to negotiations, but there is little sign of reconciliation from either side.
A first round of strikes last week cost the airline about 21 million pounds (\$31 million).



World Trade Organisation Director-General Pascal Lamy during the Brussels forum meeting "the committee to save the World? The G 20 and the future of global economic governance" in Brussels yesterday.

Taiwan expects trade recovery to pre-crisis levels in 2010

AFP, Taipei
Taiwan expects its external trade to return to pre-crisis levels before the end of 2010 due to the gradual recovery of China and the United States from the global downturn, reports said Sunday.
The forecast, released by the Bureau of Foreign Trade, was based on the healthy results for the three months to December, during which exports grew 19.7 percent and imports surged 23 percent year-on-year, the Commercial Times said.
The pick-up of exports was largely made possible by strong demand from China and the United States, the two leading overseas markets for export-reliant Taiwan, it said.
The bureau anticipated trade momentum would continue to build this year, and "the trade volume is expected to gradually return to the pre-crisis levels this year."
The export sector was forecast to rise 19.9 percent and imports to grow 23.3 percent.
But the forecast also warned of elements that may have a negative impact on Taiwan's foreign trade, including an increase in oil prices and inflationary pressure that has prompted some countries to start tightening credit.

Brazil to announce winner of huge jet fighter deal

AFP, Sao Paulo
Brazil plans to announce in early April the winner of a multi-billion-dollar competition for modern fighter jets meant to cement its new role as Latin America's preeminent military power.
The tender, though, has been marked by infighting between Brazil's air force and government, and fierce rivalry between the three nations vying to score the deal.
The finalists now comprise France's Rafale made by Dassault, Sweden's Gripen NG by Saab, and the F/A-18 Super Hornet by US giant Boeing.
President Luiz Inacio Lula da Silva's stated preference for the ultra-sophisticated, semi-stealth Rafale jet annoyed the air force, which preferred the much cheaper and easier-to-maintain Gripen.

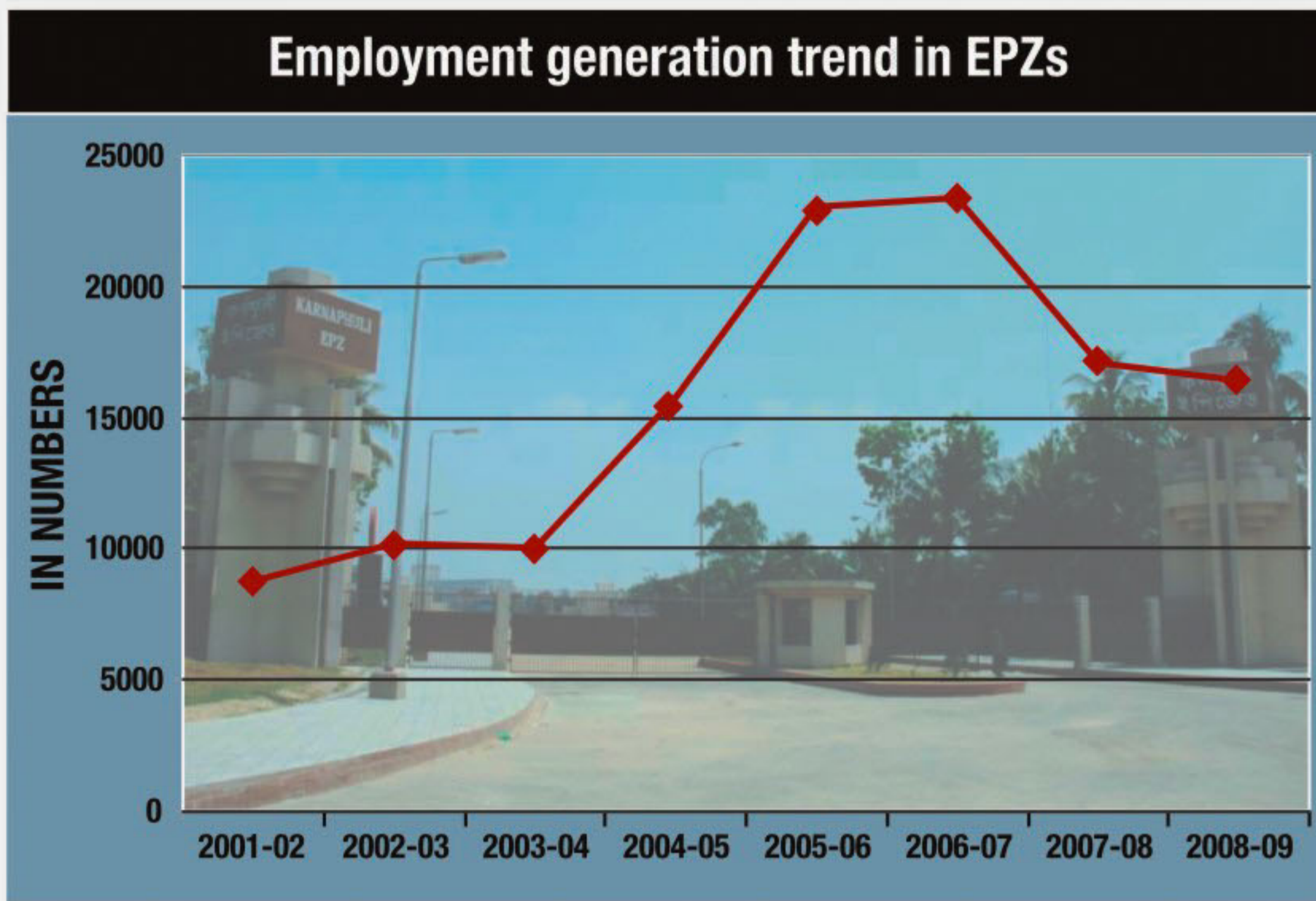
Investors on alert as Portugal starts budget battle

AFP, Lisbon
Portugal's minority government is bracing for a tough battle over its planned austerity reforms after a parliamentary vote this week failed to gather support from opposition parties.
The non-binding resolution on measures including a public sector salary freeze and social welfare cuts was passed by the parliament on Thursday but only after the main opposition party, the PSD, abstained.
Other opposition parties voted against the draconian measures.
"The debate is only just beginning," said the newspaper Diario Economico.

EXPORT PROCESSING ZONES

A job creator

SAJJADUR RAHMAN
The US had a monopoly in making automobiles, televisions and appliances, only until the 1980s. Later, Japan, Korea and China appeared on the scene. The UK had a long monopoly in textiles during the 19th and early 20th centuries. That also shifted, mainly to China.
Bangladesh has been enjoying good business in the global clothing industry for the past two decades. The country is supplying brands such as H&M, GAP, Brouks, JC Penny, Walmart, Kmart, Mother Care, Lee, Wrangler, Dockers, Nba and Tommy Hilfiger.
Globally renowned footwear makers -- Pou-Hung and Paolo -- have also come to Bangladesh. Some other companies are in the pipeline.
Until recent times, China and South American countries dominated the clothing and footwear businesses. The business has now shifted to countries like Bangladesh because of the nation's comparative advantages.
Bangladesh has low labour cost that compares to none -- it is just a fourth of China, Vietnam and even India. Labour wages will be just \$25 or less a month, with abundant labourers across the country.
Foreign investors also find the incentives and facilities offered at Bangladesh's export processing zones (EPZ) lucrative. The eight EPZs in Bangladesh have created nearly 2.5 lakh jobs.



Some of the fiscal incentives offered are -- ten year tax holiday, duty free import of construction materials, machinery, office equipment and spare parts, raw materials and finished goods, relief from double taxation, exemption from dividend tax, availability of the Generalised System of Preference facility, accelerated depreciation on machinery or plant allowed, remittance of royalty, technical and consultancy fees allowed, duty and quota free access to EU, Canada, Norway and Australia.
Other non-fiscal incentives include permission for 100 percent foreign ownership, MFN (most favoured nation) status, no ceiling on foreign and local investment, full repatriation of capital and dividend, foreign currency loan from abroad under direct automatic route and permission of non-resident foreign currency deposit account.
In addition, renewal of bond license, work permits issued by the Bangladesh Export Processing Zones Authority, secured and protected bonded area, off-shore banking, back-to-back letters of credit, customs clearance at factory site, residency and citizenship are easily available.
"If Bangladesh can provide land, several Chinese and Taiwanese footwear companies will rush to Bangladesh," City Huang, president of Paolo group of companies. He set up his factories at Karnaphuli EPZ three years back.
Huang said more Chinese and Taiwanese shoe makers want to come here because of the nation's comparative advantages. He said

the EU extended the anti-dumping duties on Chinese footwear for another 15 months.
"We did not think of coming to Bangladesh 10 years ago."
However, Huang found transportation in Bangladesh to be a major concern. "There will be factories everywhere in Bangladesh, if there are free highways."
Mahmud Hasan, general manager of Karnaphuli EPZ, said: "The main purpose of setting up EPZs is to create employment."
A good number of businesses, including ports (sea, air and land), clearing and forwarding agents, ships, suppliers and banks, are also benefited by these foreign companies, he said.
Syed Javed Noor, head of corporate banking and manager of HSBC, Chittagong Branch, said companies at the EPZs are creating a lot of business for the bank.
HSBC is the only bank with offshore banking units at all the EPZs in the country. The bank dealt 9 percent of the country's total exports worth over \$15 billion in fiscal 2008-09. It also handled 7 percent of the \$22 billion plus imports in the same year.
Noor said HSBC decided to award exporters in five categories for the first time this year, to recognise the efforts of businesses. An enterprise in EPZ will also be given the award.
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AUTOMOBILE

Driving into history: India's small car



In this photo taken on December 12, 2008, completed Maruti 800 (796cc) cars are parked at the sales and despatch area at the factory of Maruti Udyog Limited (MUL) in Gurgaon, Haryana. India's first small car, hailed as a triumph of engineering that revolutionised transport for millions and kick-started economic liberalisation in the world's biggest democracy, is reaching the end of the road.

AFP, Mumbai
Back in the mid-1980s, Ashutosh was a young student enjoying life in the then-Bombay and the freedom to cruise the streets in a new Maruti 800.
"Those were great times," recalled Ashutosh, now a chartered accountant in the city renamed Mumbai. "It was my first car. I used to zip around in it with friends listening to Stevie Wonder's 'Part-Time Lover'.
But India's first small car, hailed as a triumph of engineering that revolutionised transport for millions and kick-started economic liberalisation in the world's biggest democracy, is reaching the end of the road.
From April, the Maruti 800 is to be phased out as new auto emission standards are introduced to cut pollution on India's increasingly clogged roads.
Orders for new cars will be stopped in Mumbai, New Delhi, Kolkata and Chennai and nine smaller cities, with plans to completely phase out the car within five years.
"Fresh investment in a car 25 years old does not make sense," a Maruti Suzuki

spokesman told AFP, requesting anonymity in line with company policy.
The decision not to upgrade the boxy, four-door hatchback that was once the company's best-selling car makes business sense, the firm and analysts said.
Sales of the M800, which retails at 210,000 rupees (4,600 dollars), have been falling for four years. In February this year 3,178 were sold, down from a peak of more than 20,000 in March 2003.
The model accounts for just three percent of total sales for Maruti Suzuki and is being edged out by better-value small cars with more features, including the company's own Alto, which sells for 230,000 rupees (5,111 dollars).
Yezi Nagporewalla, an auto sector analyst at consultancy KPMG India, said: "The 800 has been the most significant car for India for two decades but it has passed the baton to Tata Motors' Nano.
"Consumers have shown a declining preference for the 800 reflected in the deteriorating sales figures. They would not have paid extra for the upgrade to a 20-year-old model."
The Nano, made by rival Tata Motors, is

the much-hyped cheapest car in the world and retails for 100,000 rupees.
In 1981, when Maruti Udyog was formed as a state-run company, Indian drivers had just two options if they wanted to buy locally made cars -- and often a five-year wait to get the keys.
Premier Automobiles in Mumbai produced cars with help from Italy's Fiat, while Hindustan Motors in Calcutta (Kolkata) manufactured the bulky Ambassador. Both were private companies.
Then prime minister Indira Gandhi allowed Japan's Suzuki to pick up a stake in Maruti Udyog -- an unprecedented move at a time when India's economy was largely closed.
"It was perhaps one of the very early steps to economic liberalisation," wrote the chairman of Maruti Suzuki India, R.C. Bhargava, in his 2010 book "The Maruti Story".
Suzuki's stake has grown from 26 percent to 52.4 percent over the years.
The first M800 drove off the production line on December 14, 1983 at a factory once over-run with weeds and monkeys. Some 2.4 million M800s have been sold since.

At an original price of about 52,000 rupees including tax, it was seen as the perfect first car and counted India cricket legend Sachin Tendulkar among its owners.
Since then, India's car revolution has gathered pace, with total car sales forecast to reach two million this year and to triple in the next decade, largely driven by small vehicle sales, according to industry estimates.
Liberalisation policies since the early 1990s have resulted in a rising middle class whose members have greater disposable income, making them targets for foreign car manufacturers.
Last month, French automaker Renault and its Japanese partner Nissan confirmed plans to launch a car in 2012 to rival the Nano, in partnership with scooter and three-wheel specialist Bajaj Auto.
Ford, Toyota and Honda are also poised to launch small cars in India in the next two years.
Despite the end of an era, the M800 still has a loyal following.
"It's a zero-maintenance, poor man's car," said Shobham Tendolkar, who runs a transport business and bought an M800 in 1995. "I will keep it till it stops working."