

International Business News

Treasury announces plans for first Citigroup sale

AP, Washington

The US Treasury Department said Monday that its first sales of Citigroup stock will cover up to 1.5 billion shares. That would amount to about 20 percent of the 7.7 billion shares of Citigroup common stock that the government owns.

It received the shares as compensation for the massive support it extended to the bank during the height of the financial crisis.

In a statement Monday, Treasury said Monday that it planned to proceed with the sales of the Citigroup common stock "in an orderly fashion under a pre-arranged trading plan with Morgan Stanley, Treasury's sales agent."

Treasury did not disclose in its brief announcement exactly when the initial stock sales would begin or how long the sales would last.

Treasury said Morgan Stanley had the authority to make the initial sales "under certain parameters" and that Treasury expected to give the company the authority to sell additional shares after the initial 1.5 billion shares had been sold.

The sales should earn a tidy profit for the government which purchased the common stock in the summer of 2009 at a share price of \$3.25 a share. Citigroup closed Friday at \$4.86 a share but was changing hands in pre-opening trading on Monday at \$4.82 per share.

India's Maruti quarterly profit surges 170pc

AFP, New Delhi

Maruti Suzuki, India's biggest car firm, reported a 170 percent jump in quarterly net profit on Monday, as the vehicle market roared ahead helped by cheap loans and government stimulus steps.

Maruti Suzuki, 54.2 percent owned by Japan's Suzuki, reported net profit for the final three months of the fiscal year to March 31 climbed to 6.56 billion rupees (148 million dollars) from 2.43 billion in the same period a year ago.

Government stimulus packages to boost domestic consumption and shield the economy from the global financial downturn, along with cheap financing and new model launches helped drive demand among increasingly well-off consumers.

But the profit growth still fell short of market forecasts as earnings were hit by higher raw material prices. Analysts had expected Maruti to post profit of around 7.2 billion rupees for the quarter.

Maruti, which sells one in two cars in the country, said its performance had been hit by such factors "as higher raw material prices and an adverse foreign exchange movement". The rupee is riding at around a 20-month high.



Shai Agassi, founder and chief executive officer of the global electric vehicle service provider Better Place, introduces the world's first switchable-battery electric taxi at a battery changing station in Tokyo yesterday. Better Place demonstrated the taxi with the Japanese Ministry of Economy, Trade, and Industry, and Tokyo's largest taxi operator Nihon Kotsu.

Whirlpool Q1 profit more than doubles

AP, Benton Harbor, Michigan

Whirlpool Corp said Monday that its first-quarter profit more than doubled as sales of its appliances improved both domestically and abroad.

The world's largest appliance maker also lifted its 2010 earnings forecast above Wall Street's expectations on its quarterly performance.

Its stock gained \$6.28, or 6 percent, to \$108.50 in premarket trading. The shares have traded between \$37.24 and \$102.42 over the last year.

Whirlpool, which sells Maytag, KitchenAid, Jenn-Air and its namesake brand, earned \$164 million, or \$2.13 per share, for the three months ended March 31. It earned \$68 million, or 91 cents per share, a year ago.

The results were significantly higher than the \$1.33 per share that analysts surveyed by Thomson Reuters expected. These estimates normally remove one-time items.

Greek borrowing rate shoots above 9pc

AFP, Paris

The price Greece must pay to borrow fresh funds on financial markets shot above 9.0 percent on Monday, despite an appeal by Athens on Friday for EU-IMF help to avert partial default.

Analysts said the interest rate, or yield on Greek bonds, and by ricochet on borrowing rates for some other eurozone countries considered at risk from contagion, reflected uncertainty about how the rescue would work and if it would be enough.

The rate on Greek 10-year debt reached 9.116 percent, in a leap from 8.680 percent on Friday when Greece made a dramatic appeal for activation of an EU-IMF liferaft, which had been put together in the hope that it would not be needed.

BRICK MANUFACTURE

Workers in double bind

KAWSAR KHAN

Odds stacked up against brickfield worker Saiful Islam. The paddy crop he cultivated for the season failed and he had no money in his hands.

A desperate Saiful borrowed money from a so-called labour leader, who supplies workers to brickfields.

To return the sum of Tk 27,000, he will have to do five months of backbreaking work on the fields where the lender will deploy him. As he has taken the money in advance, his daily pay will be Tk 50 less than what other workers earn -- Tk 200 a day. Saiful works at a brickfield at Char Washpur on the outskirts of Dhaka.

Many like him borrow money from brickfield worker suppliers during the lean season, when they do not find work elsewhere, to meet daily expenses.

Brickfield owners take advantage of the workers' sorry state. The workers are often booked for the season, as it is difficult to find many willing to do the arduous work.

"I needed the money badly this season. I was left with no other option but to borrow," said the 30-year-old from Shariatpur, a poverty-prone district. He is the breadwinner for a family of four living in the village.

Saiful is a contract farmer in other parts of the year when the brickfields are in a lean season.



Workers pass a gruelling day at a brickfield. Many of them are forced to borrow money from labour suppliers to stay afloat.

According to the industry insiders, some 6,000 brickfields across the country directly employ around 12 lakh workers. Each brickfield generally employs around 200 workers.

Brickfields produce about 1,800 crore pieces of brick a year and the market size of manual bricks is around Tk 900 crore. The brick-making sector is booming, to keep pace with the domestic construction and real estate.

A thousand bricks sell for Tk 5,000-6,000 in Dhaka -- the price of which was Tk 1,000-2,000 less about three years ago. "Although brick prices increased significantly over the past few years, our wages have not improved at the same rate," said Khairul, another brickfield worker.

As workers generally do not prefer the highly laborious work and as brick makers want to pay less to keep brick prices low, lending to workers is a way that caters to the manpower needs of the sector.

Brick makers say managing workers has become the most crucial challenge now to running brickfields.

"It is difficult to manage workers as the work is laborious. We mostly have to manage workers through contractors," said Maizuddin Ahmed, secretary general of Bangladesh Brick Manufacturing Owners Association.

Brickfield owners have to come into agreement with contractors or brokers to manage workers for the fields. The owners

have to lend the money in advance to the brokers. The amount ranges between Tk 1.5 lakh and Tk 3 lakh.

"The brokers distribute the money among workers in advance, going to their localities, to ensure that they will work in the designated brickfield during the season," said Maizuddin. "Otherwise, it becomes difficult to get an adequate number of workers on the brickfields."

Maizuddin said he found no NGO to represent the brickfield workers.

Saiful said his nine-member team has to produce 12,000 pieces of raw bricks a day from clay. It usually takes 12-14 hours a day, sometimes more, to do so.

"As it is too hot to work during the day-

time, we usually get up at 3am at get an early start and work until 6pm. We take a 1.5-hour interval for breakfast and lunch," said Saiful.

In addition, he said his employer once allowed a three-day break to visit his family in the village in six months. He has to work for seven days a week.

"The labour suppliers provide meals during work. But the meals are so plain that I often have to borrow money from the supplier again to buy food to keep me on my feet for work," Saiful said, wishing desperately to be freed of brickfield work next season.

FOOD SECURITY

Singapore boosts local farming

AFP, Singapore

His wife and business associates say he's mad to invest almost a million Singapore dollars in a fish farm, but Singaporean property developer Eric Cheng does not mind a bit.

The 35-year-old city boy is confident his foray into aquaculture will make money as seafood-loving, import-dependent Singapore strives to boost local production and enhance its food security.

Soaring food prices in 2008, driven by a global supply crunch, reminded Singapore of its vulnerability and prompted the government to take a fresh look at its agricultural policies and support investors willing to go into farming.

Cheng had zero experience running a fish farm but carried out extensive research and spoke to veterans in the trade before deciding to grow and sell garoupa, a fleshy, succulent fish variety popular across Asia.

"They say I am crazy for going into uncharted territory since I know nothing about fish farming, but my business instinct tells me that there are plenty of opportunities," Cheng said in an interview.

"You look at Singapore.... It produces less than five percent of its own consumption and if I can supply in sufficient quantities to the local market, I can make it," he told AFP.

The self-made Cheng is managing direc-



Property developer Eric Cheng (back-C) walks across his floating farm in Singapore.

tor of ECG Group, a property-based concern also involved in car rental, finance and technology.

His new venture is one of 106 licensed coastal fish farms in the city-state, which last December launched a Food Fund of five million Singapore dollars (3.6 million US) to

support entrepreneurs willing to venture into farming.

While Singapore has a land area of only 710 square kilometers (284 square miles), most people live in high-rise apartments and industries are clustered together, leaving space available

for technology-driven farms.

The port city is also surrounded by waters where floating fish farms can thrive side-by-side with ocean-going vessels loaded with electronics and petrochemicals destined for the world market.

"The Food Fund has been set up to enhance Singapore's food supply resilience especially in chicken, pork, fish, eggs, leafy vegetables and rice," the Agri-Food and Veterinary Authority (AVA) told AFP in a statement.

Specifically, the AVA will co-finance research and development and help upgrade local farms. It will also support feasibility studies on investments in overseas food zones, overseas contract farming and other non-traditional sources.

Singapore's goal is to raise local production of fish to 15 percent of domestic demand from four percent at present, eggs to 30 percent from 23 percent and leafy vegetables to 10 percent from seven percent.

Last year the government announced plans to set aside more land for intensive farming and Mah Bow Tan, minister for national development, said local produce could serve as a "strategic stockpile" for the population, which currently stands at five million.

Specialised farms like Cheng's will play an important role.

Chinese influence grows with WB voting change

AFP, Washington

In the latest sign of Beijing's rising global influence, the World Bank on Sunday granted China new clout, making it the institution's third biggest member, behind the United States and Japan.

Tokyo agreed to a marked decrease in its voting rights at the global financial institution, but one analyst said that Japan would remain a preeminent player at the bank along with the US and European Union members.

Chinese Finance Minister Xie Xuren welcomed the bank's vote reform, saying in a statement that it "represents an important step towards equitable voting power between developing and developed members."

Xie stressed however that the decision was "only part of the ongoing process" of giving emerging nations a greater say, the official Chinese news agency Xinhua reported.

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