

International Business News

Dubai's troubled Nakheel will pay maturing bonds 'on time'

AFP, Dubai

Dubai's troubled real estate giant Nakheel said on Wednesday it will repay maturing Islamic bonds reportedly worth 980.1 million dollars on time and in full.

"Nakheel today announces that the Dubai Financial Support Fund has made available sufficient funds to allow for the repayment in full of the sukuk issued by Nakheel Development... which matures on 13 May 2010," the firm said.

A spokeswoman declined to confirm the value of the expiring bonds, which local papers have put at 980.1 million dollars.

The payment is part of a restructuring plan announced by Dubai's government in March to inject 9.5 billion dollars into Nakheel's former parent conglomerate, Dubai World, as part of a proposal to creditors to restructure some 23.5 billion dollars of debt.

At the time, Dubai also announced that, as part of the restructuring plan, Nakheel would cease to be a subsidiary of Dubai World and would be held directly by the government.

Greek unions to hold new general strike May 20

AFP, Athens

Greece's two main unions on Wednesday announced a new general strike on May 20 -- the fourth since February -- and warned of more protests against austerity cuts imposed by the debt-hit government.

"We are calling for a general strike on May 20," the GSEE and Adedy unions, who together represent over 1.3 million private sector employees and civil servants, said in a joint statement.

"After this general strike the boards of the two organisations will decide on the continuation of the struggle," they added.

The unions are strongly opposed to a wave of tax hikes, spending cuts and a sweeping pension reform imposed by the government to clinch a badly-needed loan from the EU and the IMF whose first instalment is expected today.

GSEE chairman Yiannis Panagopoulos said the pension reform was a "socially unjust bill" coming in the wake of "unfair and antisocial fiscal measures."

"This bill enforces harsh austerity on pensioners and future pensioners, transferring a major load on the new generation," said Panagopoulos, who also blasted the IMF's involvement in the Greek rescue package.



An electric car gets charged at the first Spanish telephone booth equipped to charge electric cars in Madrid yesterday. Spain inaugurated its first telephone booth able to charge electric cars, located not far from the headquarters of telecommunications giant Telefonica. The booth has the look of a classic phone booth on one side, but on the other side includes an outlet in which the driver of an electric car can plug his vehicle.

China Southern surges past JAL as Asia's biggest airline

AFP, Shanghai

China Southern Airlines is now Asia's largest carrier by passenger numbers after overtaking troubled Japan Airlines, according to figures provided by the two companies.

China Southern soared in 2009 on the back of booming domestic demand and government assistance. In stark contrast, JAL is restructuring after filing for bankruptcy in early 2010 in one of Japan's biggest corporate failures.

China Southern actually overtook JAL in 2008, when its passenger volume rose to 58.24 million, according to data supplied by the Chinese carrier to AFP on Wednesday.

The airline, which boasts China's biggest fleet, extended its lead even further last year with a total of 66.3 million passengers, up 13.8 percent.

"Authoritative data shows China Southern Airlines surpassed JAL as (Asia's) top carrier in passenger volumes in 2008, but the story has only been publicised lately," an official with China Southern told AFP.

British markets steady as Cameron takes charge

AFP, London

Britain's new Prime Minister David Cameron and his coalition government took charge Wednesday, boosted by a steadier London stock market and pound although data showed unemployment at a 16-year high.

"No modern government has inherited such a difficult economic situation from its predecessor," new finance minister George Osborne said as he immediately set about bringing down a record British public deficit.

"The rise in unemployment this morning is a confirmation of that and we know that we have the largest budget deficit in Europe (...). There is going to be a significant acceleration in the reduction of the structural budget deficit."

EXPOSITION

Lacklustre in Shanghai

SAJJADUR RAHMAN, back from Shanghai

Bangladesh spent neither time nor expertise nor money to make its presence felt at the Shanghai Expo 2010, where many gathered to showcase and exchange ideas, products and innovations for a better life.

The country fell short of best utilising the \$650,000 (nearly Tk 4.5 crore) donated by expo organiser China to develop the pavilion and display itself at the fair with the theme 'Better City, Better Life'.

Officials candidly confessed to a lack of preparation, a change in the commissioner general of the fair three times and the country's poor presence at the six-month expo that has drawn in huge crowds from every corner of the globe.

"We lacked preparations for the fair," Lt Col (Retd) Nazrul Islam, commissioner general of Bangladesh section of Shanghai Expo 2010, told The Daily Star at the Bangladesh Pavilion on May 1, the opening day of the gala event.

Islam, also a ruling party lawmaker, said he was not able to represent Bangladesh better due to a lack of time and bureaucratic bottlenecks. He replaced Federation of Bangladesh Chambers of Commerce and Industry President Annisul Huq as commissioner general in February. Huq replaced former Commerce Secretary Feroz Ahmed last year.

Many countries appointed their commissioners general several years ago because he or she is the main person responsible for representing the respective country at the EXPO 2010 Shanghai. For nearly 70 countries, their commissioners general are their commerce ministers.

Bangladesh Ambassador to China Munshi Faiz Ahmad also said the country's representation lacked preparations. He was speaking to The Daily Star at the Bangladesh pavilion.

Islam and Ahmad both said countries like war-torn Afghanistan and politically unstable Nepal presented themselves far better.

Islam said Afghanistan spent over six months developing its pavilion and the products and ideas to be displayed.

The Bangladesh ambassador said Nepal spent almost \$4 million for the purpose.

With a history of 159 years, the World Expo is being hosted by a developing country for the first time. The Chinese consider it 'no less than Beijing Olympics 2008'.

As Shanghai dazzles with the fair centre stage, millions from 192 countries have gathered to showcase their ideas, products and innovations to let the world know what they have done and will do in a course of time for a better and sustainable life.

Every country has tried to display their urban development efforts -- from ancient to modern life. Participants have also presented the amenities their cities offer in addition to ecological and sustainable products they make for a better life.



Chinese girls carry national flags of different countries at the inaugural ceremony of the 184-day World Expo 2010 in Shanghai on May 1.

Bangladesh has failed to give visitors an idea of its culture, heritage and capacity to produce sophisticated apparel items that are sold almost at all globally renowned retails.

Bangladesh displayed some digital pictures of Cox's Bazar, the Sundarbans and the Savar Memorial Monument, along with some handicraft and ceramic products. Moreover, representatives of the Export Promotion Bureau (EPB) in attendance there are unskilled.

Supriya Kumar Kundu, a deputy director of EPB (on deputation) and pavilion director of the expo, has already been transferred to the Economic Relations Division. Of the other officials present, one is an assistant to the EPB vice chairman's secretariat and the other is an administrative officer.

Shahab Ullah, vice chairman of EPB, expected that they would get the chance to spend the money given by China.

"They'll not reimburse us. We have to spend all of \$650,000, except for some \$5,000 as transportation costs in

China," he told The Daily Star on Thursday.

When countries around the world spent millions to showcase themselves at the expo, the EPB vice-chairman was unable to spend some hundreds of dollars for the purpose.

He said he did not understand the theme of the expo and advisers could not help him out.

"They (bureaucrats) did not help us show our best," Islam said, blaming red tape for the country's poor presence.

The commissioner general said he wanted to make a video presentation of Bangladesh, but the relevant government office -- the Department of Film and Publication (DFP) -- declined to do so, saying it had no monetary benefits in making it.

He believed the private sector could have helped them, if they were involved.

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RETAIL

Wal-Mart steps up India rollout

REUTERS, New Delhi

Wal-Mart Stores Inc, the world's biggest retailer, will accelerate its rollout of wholesale stores in India, a crucial growth market that has long frustrated overseas operators with restrictive rules.

Raj Jain, chief of Indian operations for Arkansas-based Wal-Mart, said the firm now expects to open 10-12 wholesale centres in India over two-to-three years, from an earlier target of five years, as real estate prices have become more attractive and it gains confidence in operating in the country.

Food price inflation and the need for food security should spur the government to open the sector to foreign direct investment (FDI), he added.

"We will quicken the pace of expansion," Jain said in a late Tuesday interview at his offices in Gurgaon, a fast-rising suburb of New Delhi that houses a host of multi-nationals.

"We have more confidence in running the stores, we feel more confident about real estate compared to two years ago," he said.

Retail rents fell by 30-40 percent from late 2007 peaks.

Wal-Mart currently runs wholesale operations in India in an equal partnership with India's Bharti Enterprises.

India's \$450 billion retail sector is dominated by small local operators, a powerful constituency that has stood in the way of foreign multi-brand players such as Wal-Mart and No.2 Carrefour being allowed to operate their own retail stores.

Instead, foreign players must operate through franchise tie-ups with local partners or operate cash-and-carry, or wholesale, outlets of the kind Wal-Mart is rolling out.

While New Delhi has yet to liberalise rules for foreign retailers in India, Jain said India has moved beyond the question of whether or not organised retail is positive for the country.

"Everyone realises this country needs organised retail and that it won't overnight replace mom-and-pop stores," he said, sitting at a conference table adorned by a small shopping trolley filled with candy.

Food inflation is a nagging problem in India, eating into disposable incomes and prompting political protests. Some 40 percent of fresh produce in India, which has a population in excess of 1.2 billion, is wasted due to inadequate supply chains and lack of



Policemen stand inside the first cash-and-carry Wal-Mart store during its inauguration ceremony in Amritsar May 30, 2009. Wal-Mart Stores Inc will accelerate its rollout of wholesale stores in India, a crucial growth market.

cold storage. Jain said opening retail to foreign investment would enhance food distribution and security, which the government realises.

"Now it's a question of having the political will and the timing of the decision," he said.

"I think the current government is focused on having a more open debate and the food inflation makes people understand that even when there is a good monsoon, food security and food distribution are serious issues. And so this is one of the levers the government is willing to use," Jain said.

India's potential for retailers is massive. With a 300 million-strong middle class and an economy set to grow at 8.5 percent this year, disposable incomes are rising quickly. Sales of cars and mobile phones are booming.

But even in wealthy neighbourhoods of big cities, shoppers are accustomed to

buying rice and soap from tiny neighbourhood shacks that lack freezers and well-stocked shelves but often sell on credit and deliver at home for free.

Real estate consultant Knight Frank said in a report this week that organised retail in India would grow to around 11 percent of the industry total by 2013 from 6 percent now.

Organised retail is growing at an estimated 20 percent a year in India, which has also lured rivals such as Germany's Metro and Carrefour of France, which this week said it will soon open its first cash-and-carry outlet in the country and unveil a local franchise partner.

Wal-Mart is legendary for driving down costs, which keeps prices low but also crowds smaller operators out of business, making it a magnet for criticism even in its home market.

Its model has not thrived everywhere. In 2006 it pulled out of Germany and South Korea amid stiff competition and poor performance.

Jain said Wal-Mart is stepping up direct sourcing in India, where it now procures 35-40 percent of produce directly from farmers, and is tapping regional suppliers such as dairy cooperatives to increase efficiencies in a fragmented market.

"The supply chain is one of the big challenges: maintaining quality, ensuring commitments are kept," Jain said.

Wal-Mart recently opened its second wholesale outlet in the northern city of Chandigarh, and will open its next wholesale centres in the western state of Rajasthan, the central state of Madhya Pradesh and the southern city of Hyderabad, he said.