

International Business News

Reliance Q4 net falls

REUTERS, New Delhi

Reliance Communications, the country's No. 2 mobile phone operator, reported a 16 percent fall in quarterly profit, as a call price war in the world's fastest-growing mobile market took its toll, but the profit fall was smaller than expected.

India is signing up new mobile subscribers at a monthly average of 16 million, but call prices have fallen as low as 0.4 US cents a minute amid stiff competition among firms in the crowded 15-operator market to add users faster than rivals.

Reliance Communications, controlled by billionaire Anil Ambani, has been more aggressive in cutting call charges than larger rival Bharti Airtel, and earlier this month said it would offer unlimited call time to its CDMA users at a monthly price of just \$13.

Chairman Ambani said in a statement the financial year to March 2010 was the "most challenging year" for the Indian telecoms sector, but was confident that his company would be able to sustain profit growth in coming quarters despite high competition.

The Mumbai-based firm reported net profit of 12.20 billion rupees (\$270 million) for its fiscal fourth quarter ended March, compared with 14.54 billion rupees reported in the year-ago quarter.

Shanghai unveils 'stronger' version of Wall Street bull

AFP, Shanghai

Shanghai unveiled a new landmark on its Bund waterfront over the weekend, a bronze bull sculpture inspired by Wall Street's "Charging Bull" representing China's rising financial ambitions.

American artist Arturo Di Modica -- the sculptor behind the New York bull who also created its Shanghai sibling -- was at the unveiling on Saturday.

At 2.5 metres (8.2 feet) tall and 2.5 tonnes (2.7 tons), the Shanghai sculpture was the same size as the Wall Street version, but "redder, younger and stronger", Di Modica was quoted as telling the Shanghai Daily.

"It's a mixture of Western and Chinese cultures," said Di Modica, adding he was inspired by both the "Charging Bull" and the Chinese Zodiac's ox.

The animal's confident stance represented a bullish and prosperous future for the rising financial center, Di Modica said.

The Shanghai officials who commissioned the sculpture had previously said they wanted their bull to weigh twice as much as the one on Wall Street.

The city requested a bull that was younger and stronger than New York City's bull to symbolise "the energy of Shanghai's economy", Zhou Wei, the head of Huangpu district told reporters at a previous briefing.



A demonstrator symbolising the Greek Nation participates at a rally of the Greek communist party (KKE) in central Athens on Saturday. The austerity package adopted by the Greek government has hit pensions hard. Reforms unveiled this week would reduce average retirement payments by seven percent by 2030 and cut the highest pensions by up to 14 percent.

Japan Inc roars back to black

AFP, Tokyo

Surging corporate profits and bullish forecasts suggest Japanese companies are bouncing back from the worst recession in decades, with cost-cutting firms betting on emerging markets for growth.

Many of Japan's corporate titans saw a return to profit in the fiscal year ended March, with booming demand for new cars, electronic gadgets and factory parts in countries such as China combining with an improving domestic picture.

A 2.2 billion dollar annual profit for the world's biggest automaker Toyota despite recalling around 10 million vehicles over safety fears was emblematic of the sense of recovery, and analysts concluded it had steered through crisis.

The benefits of restructuring and a pick-up in demand appear to be nursing the biggest companies back to health, after the hammering they received in the global downturn led to cost savings and tens of thousands of job cuts.

Europe bids to assuage doubters

AFP, Brussels

European finance ministers will try this week to convince markets its massive euro rescue plan can work, while tackling hedge fund regulation despite resistance from Britain's new coalition government.

Last Monday's 750-billion-euro rescue package for the weak eurozone economies has so far met with scepticism from economists.

They argued that the hole at the bottom of the euro debt-well was deeper than the sums governments could pour in. But the experts are worrying not just about the deficits in the worst-hit European governments.

They are concerned too about the effects on consumption and growth of the public spending cuts announced this week by several European governments.

Last Friday's panic on the markets saw European stock exchanges melt, and the euro slump to its lowest level since October 2008, at 1.2355 dollars.

INTERVIEW

Frozen food: Next big export

Seamark chairman shares his expectations with The Daily Star

ABDULLAH AL MAHMUD, Ctg

Frozen food has the potential of overtaking readymade garment as the number one export item, says a leading entrepreneur in the food processing sector.

"It (frozen food) can earn export revenue several times higher than what garments do. People need at best two new shirts a month, but they take either meat or fish every day," says Iqbal Ahmed, chairman and chief executive of Seamark (BD) Ltd.

In the frozen food sector, the company clinched National Export Trophy (Gold) for fiscal 2006-2007 and National Export Trophy (Silver) for 2005-2006 from Chittagong.

"If the government supports are there, earnings from frozen food export may cross billions," Ahmed says.

Seamark (BD) Ltd is a subsidiary of the UK-based Seamark Group.

Seamark Plc, the first company of Seamark Group, was the recipient of the Queen's Award for export in 1998 and the first European Business Award in 1999.

At that time Seamark Plc that comprises three production units -- IBCO Building, Seamark 1 and Seamark 2 located in Manchester -- contributed 80 percent of the export of frozen shrimp and fisheries from the UK.

Ahmed says most of the Bangladeshi restaurants in Europe import fish, shrimp, frozen vegetables and frozen pastry products from Bangladesh.

Shrimp comprises only one percent of frozen foods, while the demand for chicken is higher.

The European countries import raw materials of poultry products from Brazil under joint venture and meat from Australia and New Zealand, Ahmed says.

"Monitoring measures should be taken to step in the world market of chicken to make sure that the food item doesn't contain any chemical element harmful to human health."

Europe still does not allow meat from Bangladesh since the country is yet to develop cattle farming infrastructure and factories of international standard.

There is certain mechanism in Bangladesh to facilitate shrimp export, and poultry or cattle also needs such a mechanism, says the Seamark (BD) chairman.

He also emphasises increasing productivity and ensuring facilities to boost the export of frozen fishes, particularly shrimp.

"Our farmers produce some 300kg to 500kg of shrimps per hectare as against 5,000kg produced in other countries like Vietnam, China and Thailand," he says.



Iqbal Ahmed, chairman and chief executive of Seamark (BD) Ltd, is seen at his food processing factory in Chittagong.

"It depends on farming skill and technique."

To increase productivity, he stresses providing the farmers and workers with training under government initiatives and involving them in entrepreneurship.

Also, leasing out water bodies can help farming through cooperatives, and training under private initiative can increase production.

He also underscores the need for enhancing research activities to produce good spawns and improve the method of shrimp farming that involves rural people in farm level.

Ahmed says the lone laboratory in Dhaka is not enough to test shrimps produced in Chittagong, Khulna and Cox's Bazar.

"Issuance of certificates after conducting antibiotic test through this single lab takes 25 to 30 days, whereas it takes only three to five days in neighbouring India. Within 30 days an order can be cancelled or price may fall," he says.

"We need at least four labs. It has been our demand for

years."

"It doesn't require a lot of fund either," he says.

Many non-resident Bangladeshis will invest in the sector if good infrastructure and environment is there.

"We work within a system. If we get that system easily, we will surely flock here to set up different industries that would help us reduce production cost with cheaper labour and benefit the country through job creation and technology transfer," he says.

Ahmed says Seamark (BD) together with its two other sister concerns -- IBCO Foods and Seamark (Holding) -- has an annual turnover of \$60 million, while the turnover of the three companies under Seamark UK chapter stands at \$325 million.

"Frozen food sector has a huge prospect here and if congenial investment atmosphere prevails, the NRs in the UK may make a remarkable contribution to the economy of Bangladesh," says Ahmed, also the chairman of Bangladesh-British Chamber of Commerce.

REAL ESTATE

China's property buyers in limbo

AFP, Beijing

Accountant Jiao Yurong carefully organised her family's finances to put her son through university in the United States. Now that he has the coveted degree, she has been saving to buy him a flat.

But soaring property prices in China -- and a series of moves by the government to rein them in -- are throwing a spanner in the 50-year-old mother's plans, and she admits she does not know how to proceed.

"Just when we had saved enough for a down payment, prices surged," Jiao, a Beijing resident, told AFP.

"The policy is so unstable... I'm so confused."

Jiao is not alone. Prospective home buyers are reeling from a series of measures put in place by the Chinese government to curb rocketing prices amid persistent fears about a ballooning bubble in the real estate sector.

Authorities have tightened restrictions nationwide on advance sales of new property developments, introduced new curbs on loans for third home purchases and raised minimum down payments for second homes.

The Beijing city government has gone even further, limiting families to one new apartment purchase and barring people who have not paid taxes or made social security contributions in the city for one year from getting home loans.

"Sellers have started to lower the prices," said Hu Jinghui, vice general manager of 5i5j, a real estate agency chain that has around 600 outlets in eight cities across China.

"But the buyers are still waiting."

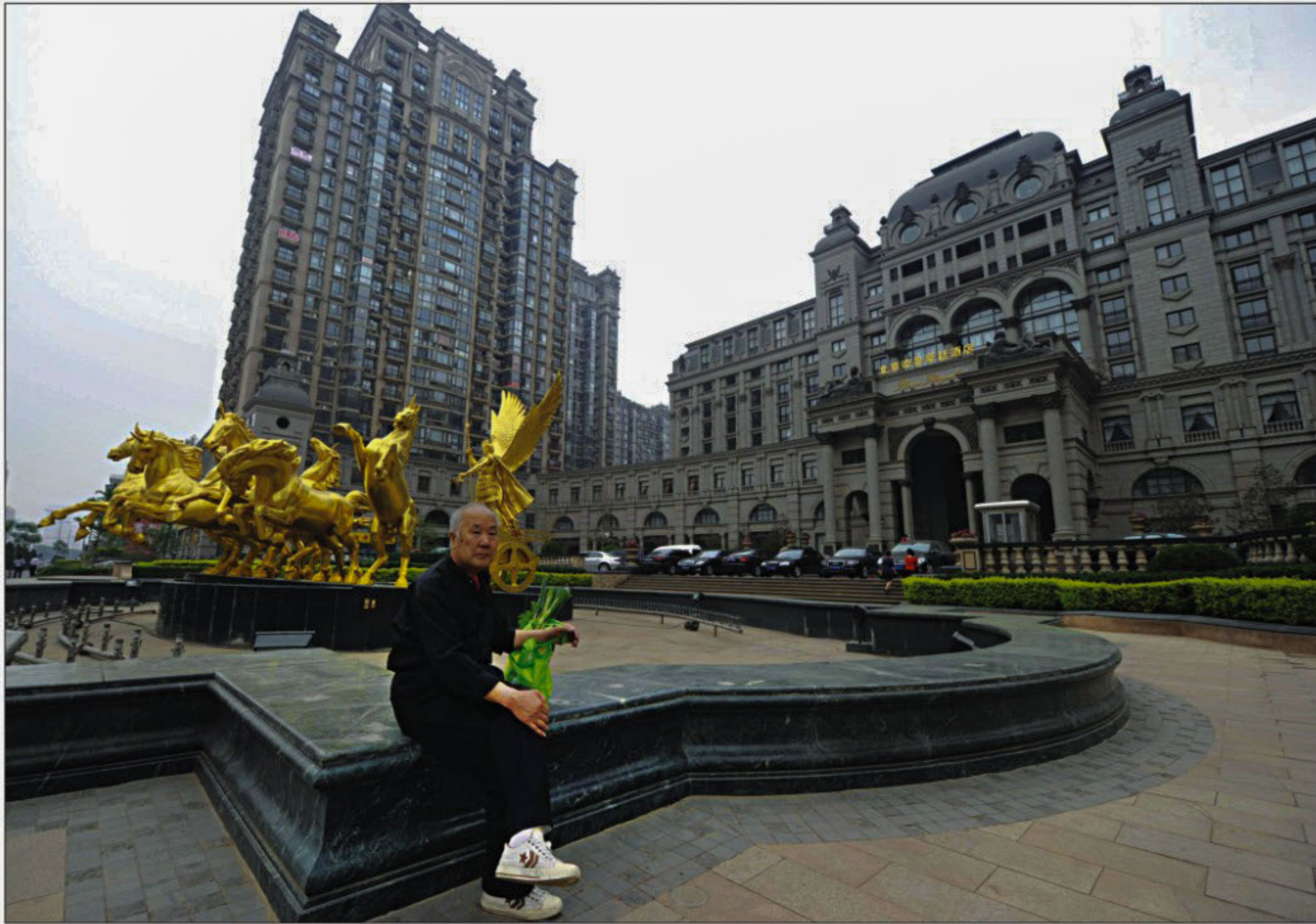
At the Beijing Real Estate Expo last month, the average price of a new apartment in the city was around 21,164 yuan (3,100 dollars) per square metre, double that of last year, state media said.

That means a 90-square-metre (970-square-foot) apartment in Beijing would cost 1.9 million yuan, compared with the average per capita income of 26,738 yuan in 2009.

Since the capital put in place the austerity measures on April 30, prices have dropped an average 10-15 percent, with the number of home purchases slumping by 50 percent, according to Hu.

Jack Guan, a securities firm executive from the coastal city of Qingdao, searched last year on the outskirts of Beijing for his first home, but said he could not make a deal as prices "went insane".

"I am going to wait and see. I think this is an approach that many people have adopted as now there is a possibility for a



An elderly man takes a break in front of luxury apartment buildings in Beijing yesterday. Authorities have tightened restrictions nationwide on advance sales of new property developments, introduced new curbs on loans for third home purchases and raised minimum down payments for second homes.

price cut," said the 27-year-old.

"It will not cost me much if I wait for another two years."

In 2008, China also introduced a range of policies to dampen the market frenzy, but a government stimulus package to prop up the economy during the financial crisis quickly negated any progress made.

The new measures so far seemed to have had a limited effect, as official data showed Tuesday that prices in major Chinese cities rose 12.8 percent in April, a double-digit rise for the third straight month.

Experts also said the rules contained apparent loopholes that could be exploited by speculators.

China lacks a nationwide database on property sales, which means banks have no way of checking if mortgage applicants already own apartments in other cities.

And higher down payments will have little impact on speculators who mostly pay

the full value of properties in cash.

State media reported Friday that people are even briefly resorting to divorce to acquire a second property, taking advantage of lower down payment and interest rate benefits offered to first-time buyers before remarrying.

Jiao said she was often told the properties she was interested in were sold out, leading her to suspect the developers were hoarding to keep prices high.

"The government has always been saying they would keep the policy unchanged. But they changed it whenever they wanted. We ordinary people just cannot do anything," she said.

Hu however said he believed the government was more determined this time around to hold firm, as prices had become so out of reach for many ordinary Chinese that the measures were needed to keep a lid on social discontent.

Lina Wong, managing director for east and southwest China of real estate firm Colliers International, said even more tough measures could be expected as curbing price rises had become a "political task" for the ruling Communists.

New rules could include a property tax on residential housing to increase the costs for buyers keeping multiple apartments.

The government could also "raise the capital requirements for development or even restructure the fiscal revenue system of local governments to reduce (their) vested interests in land sales", Wong said.

Despite the market chaos, Guan said he was determined to buy, even though he would need his parents' help for the down payment and a tight budget to pay off his mortgage.

"I will not feel that my life is stable unless I have my own apartment," he said. "I will have to buy one before I get married."