

International Business News

Sahara in talks about MGM bid

REUTERS, San Francisco
 Indian conglomerate Sahara India Pariwar is in discussions about buying the debt of struggling film studio Metro-Goldwyn-Mayer for \$1.5 billion to \$2 billion, according to two people familiar with the matter.

The sources did not elaborate on Sahara India Pariwar's plans for MGM, which has about \$4 billion in debt, and stressed that the talks were still at a preliminary stage.

"On mutual interest discussions are on but it's too early to comment on the issue," said Abhijit Sarkar, corporate communications chief of Sahara India Pariwar, which owns businesses in media, entertainment, real estate and insurance.

MGM could not immediately be reached for comment. Earlier this month, MGM said that it won extra breathing room to make its debt payments, with its lenders agreeing not to seek remedies for non-payment of debt until Oct. 29.



AFP
 Jean Todt, Federation Internationale de l'Automobile (FIA) president, watches one of the first cars that arrived in Paraguay, during a ceremony to launch a road safety campaign in Asuncion, Saturday.

Sumitomo to produce fibre-optic cables in China

AFP, Tokyo
 Japan's Sumitomo Electric Industries will begin fully integrated production of fibre-optic cables in China this month to capitalise on booming demand in the country, a press report said Sunday.

Major Japanese and US makers have been reluctant to produce glass base materials, a key fibre optic material, in China to prevent technology drain, the Japanese business daily Nikkei said;

But the attitude appears to be changing as China accounts for about 50 percent of global demand for fibre-optic cables and the share is expected to expand, the daily said.

Sumitomo Electric has established a new factory in Hangzhou, in eastern China's Yangtze River Delta region, and will start mass-production of base materials by the end of this month, the daily said.

A joint venture with Futong Group, a major Chinese optical cable maker, will run the facility, it added.

Four funds eye Honda's stake in Hero Honda

REUTERS, Mumbai/tokyo
 KKR & Co, TPG Capital, Carlyle Group and Bain Capital LLC are competing to acquire a part of Honda Motor Co's stake in India's biggest motorcycle maker, Hero Honda Motors, Bloomberg reported.

Two of the funds may jointly buy about 15 percent, valued at \$1.1 billion in Hero Honda, the news agency said, citing three anonymous sources.

Another 5 percent may be sold to the Munjal family, founders of the Hero group, the report said, citing two unidentified people. Honda Motor and the Hero Group each own 26 percent in Hero Honda.

Separately, the DNA newspaper, citing an unnamed source, reported the Munjal family was likely to purchase the entire 26 percent stake held by Honda Motor for \$1.2 billion through a special purpose vehicle incorporated in Singapore.

Italian carrier Alitalia to cut up to 1,400 jobs

AFP, Rome
 Italian carrier Alitalia is considering cutting as many as 1,400 jobs by the end of the year and may not renew the contracts of 600 temporary staff, Italian media reported on Sunday.

The head of the airline, Rocco Sabelli, hinted at a reduction of 1,200 to 1,400 positions on September 2 during a meeting with staff, in which he discussed "outsourcing and improvements in efficiency" under a restructuring plan, Corriere della Sera reported.

The ongoing restructuring plan calls for Alitalia to reduce staff numbers to 12,600, a reduction of 1,400 from the current level.

Sabelli also discussed plans to save 108 million euros (141 million dollars) in the second half of the year by selling off maintenance services and equipment, the newspaper reported citing a dossier presented by Sabelli.

LIFESTYLE

Earning while they learn

Students try to juggle lectures and stocks

SUMAN SAHA

Maruf Chowdhury, a sixth semester BBA student of Dhaka University, sits in class while his teacher lectures. All his classmates are engrossed in the class. But Chowdhury's palmtop has shown that shares in his portfolio just took a sharp fall.

Meanwhile, Dipanker Biswas, an M.Pharm student from Northern University of Bangladesh, is jovial because he just got one market lot of a promising company in an initial public offering (IPO) lottery.

The two represent the growing participation of university students in the stock market.

The stock markets may have few university students so far among their more than 27 lakh active beneficiary owners. But growing numbers hop on this bandwagon every day.

Academics argue that students' involvement in capital market has both a positive and a negative side. Getting practical experience of the market is the positive side.

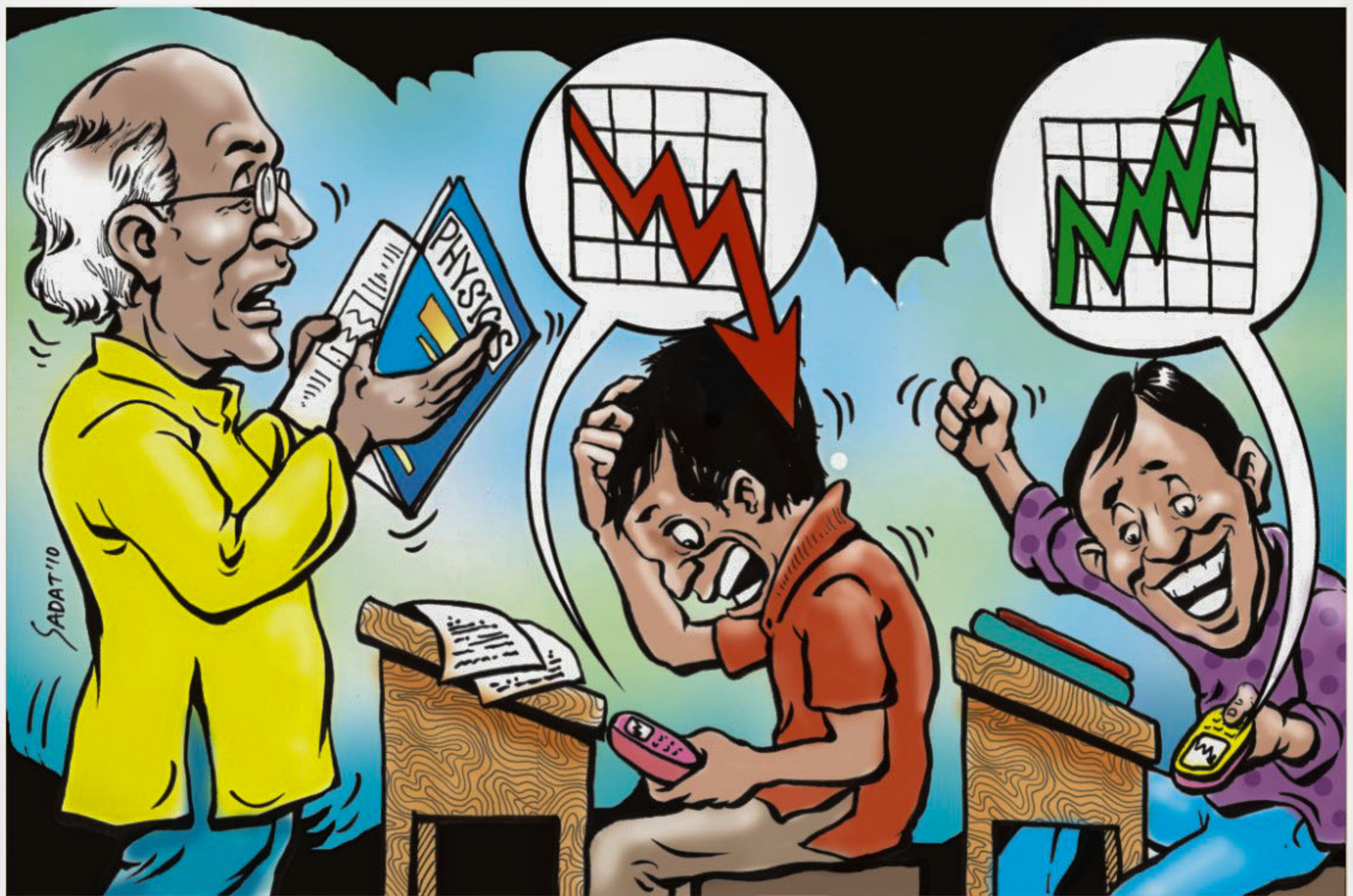
"We encourage our students to have little practical experience on capital market so that they can easily make the right decisions in professional life," says Mahmood Osman Imam, professor of finance at DU.

Student investors argue that the stock exchange can help finance their education and living costs.

"I am now less worried about my education cost because I can finance my own education expenses and need not to depend on my parents for it," says Ajay Karmoker.

The MBA student of DU has investments worth nearly Tk 4 lakh; all of them are IPOs. "Now I do not need to search tuition for bearing my education cost," he says.

It also has a dark side. Some students in private universities



drop out because of their addiction to playing the market.

"One of my friends who came to Dhaka for higher education could not continue his studies due to giving too much concentration on stock market," says Biswas.

Investment is a stressful business for amateurs, and student investors often do not focus on their studies. Fewer still are prepared for the market's downswings, as well as its highs.

"I do not feel good if I cannot get updated on the trading information of the stock market, so I surf the net to get the latest information every 10 minutes," says Joydeb Samadder, a CA student whose investment is worth nearly

Tk 1.5 lakh.

IPOs are a favourite game. They create the scope for a student to earn Tk 20,000-Tk 30,000 or more, Samadder adds.

A few faculty members argue that all students should avoid shares during student life, as it may hamper their studies and grades.

"Students should not get involved in share trading during their student life," says Md Al-Amin, associate professor of Accounting Information System at DU. "It creates a tremendous pressure on their minds because they are always having tension on ups and downs of share prices."

But some prominent teachers

believe a student may get involved if they are mature enough.

Abu Ahmed, professor of economics at DU, argues that buying shares during student life is not all bad. "University students should come into the stock market after finishing a third year, because at this stage they have basic knowledge on stock market," says Ahmed.

He adds that such trading is common in neighbouring countries. "But they should not get involved in the first and second year of their honours course, as at this stage they have little knowledge of it."

"I do not think students' involvement in the bourses is bad if they are able to make rational

investment decisions," says Ahmed. "And it is common in our neighbouring countries, India and Sri Lanka."

Imam agrees with Ahmed. But he favours only IPO investments, which often have a sharp quick rise, not students holding shares in regular listed companies.

"I do not think students should engage themselves in the secondary stock market, because most of them make an investment decision based on rumour rather than market fundamentals," says Imam.

"They may get involved in the primary stock market because it is comparatively less risky."

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GARMENT INDUSTRY

Global brands face labour unrest in Asia

AFP, Dhaka

Global retailers fleeing China's rising labour costs now find themselves facing growing pressure for higher wages in countries from Bangladesh to Cambodia, Vietnam, India and Indonesia.

The latest sign that workers are becoming more militant in their demands for a larger share of the region's economic success came in Cambodia last week, when tens of thousands of workers went on strike.

The mass protest rejecting a proposed 20 percent pay increase crippled Cambodia's export-orientated garment industry, which produces items for renowned brands including Gap, Benetton, Adidas and Puma.

The strike followed a deal between the government and industry that set the minimum wage for garment and footwear staff at 61 dollars a month. Unions want a base salary of 93 dollars.

"Workers are having difficulties surviving on their low wages," Kong Athit, secretary general of the Cambodian Labour Confederation, told the news agency.

The Cambodian action came just weeks after Bangladesh's three million garment workers, who make Western clothes for the world's lowest industrial wages, spurned an 80 percent pay hike, attacking factories and burning cars.

Tens of thousands of workers who sew clothes for brands such as H&M and Tesco went on the rampage over the 3,000 taka (43 dollars) monthly minimum wage offer then staged wildcat strikes protesting a four-month delay in implementation.

"It is not a living wage," said Shahidul Islam Sabug of the Garment Workers Unity Forum, which wanted 5,000 taka a month to help workers cope with sharp increases in the cost of living, including near double-digit food inflation.

Earlier this month, Bangladesh said exports leapt more than 25 percent year on year in July, with manufacturers linking the jump to a shift in orders from China to the low-cost South Asian country.

In China itself, workers scored major victories this year at companies such as Japanese automakers Honda and Toyota and Taiwanese IT giant Foxconn, which were all forced to hike pay in the so-called "workshop of the world".

In an effort to ease worker concerns, most Chinese provinces, regions and



Garment workers stand beside burning barricades on a highway during clashes with police in Ashulia, 20km northwest of Dhaka, on July 31.

municipalities have raised official minimum wages this year, with Shanghai atop the list, offering monthly pay of at least 1,120 yuan (\$166).

"Costs are going up in places like China, so you are getting a move to Vietnam, Cambodia, Bangladesh and this is good for these countries," Robert Broadfoot of the Hong Kong-based Political and Economic Risk Consultancy told the news agency.

And even if manufacturers are now facing wage pressures in the new manufacturing centres, they are on a different scale.

"China is getting more expensive. To be sure, less developed countries are too, but the gap between per capita incomes in places like Bangladesh, Cambodia and Vietnam and those in China will continue to widen going forward," Broadfoot said.

"Wages of workers in these countries are unlikely to go up in absolute terms step for step with China's wages,"

In Cambodia, union leaders called off the strike last Thursday after the government stepped in and arranged talks with both manufacturers and unions for later this month.

Cambodia's garment industry is a key source of foreign income for the country and employs about 345,000 workers.

Social Affairs Minister It Samheng warned that further stoppages could "affect benefits for the workers, employers, and our nation that is facing the impact of the global financial crisis."

Bangladesh's protests, which raged for days until a massive police crackdown restored calm, were the most violent of a string of recent strikes in Asian countries.

In Vietnam, where independent trade unions are banned and inflation is running at some 8.75 percent there have been 139 strikes in the first five months of 2010, according to the Vietnam Confederation of

Labour.

The bulk of the protests concern low pay and poor conditions, with many of them hitting foreign-owned factories. Tens of thousands of workers at a Taiwanese-owned shoe factory in southern Vietnam went on strike in April.

In Indonesia, where three powerful trade unions represent the vast majority of the country's 3.4 million unionised workers, there is also mounting pressure to raise the minimum wage.

Garment factories in particular, including some that are foreign-owned, have been hit by strikes and disputes over long hours and low wages.

The minimum wage is not set in Jakarta and varies from district to district. In 2008 the highest minimum wage was 123 dollars a month in Papua province and the lowest 60 dollars in East Java, according to the manpower ministry.