

International Business News

BMW ramps up production in India

German luxury car maker BMW said Tuesday it was expanding its activities in India, including boosting production capacity at its factory in the southeastern city of Chennai.

The site will soon produce 5,400 vehicles per year, up from 3,000 currently, and from November begin producing the X1 model, in addition to the 3 series and 5 series currently built at the plant.

BMW hopes to "penetrate a new customer segment," production chief Frank-Peter Arndt said, as India's burgeoning middle class flexes its new purchasing power. The company also plans to expand its network of dealers.

German car manufacturers, which have long focused on China, are beginning to turn their attention to India.

BMW established a presence in India in 2006 and has seen steady growth in sales since then. In the first eight months of this year, the company sold 3,300 vehicles, nearly matching its full-year sales for 2009.



S Ramadorai, chairman of Bombay Stock Exchange (BSE), poses with a cell phone during the launch of Mobile-based Trading in Mumbai yesterday. BSE, which is Asia's oldest exchange, launched the service to make access to market data easier for a growing breed of tech-savvy investors.

AirAsia X to launch Japan route in December

Malaysian long-haul budget airline AirAsia X said Tuesday it would enter the Japanese market in December by launching regular flights between Kuala Lumpur and Tokyo.

The carrier will introduce three flights a week connecting the Malaysian capital with Tokyo's Haneda airport, AirAsia X's chief executive officer Azran Osman-Rani said in Tokyo.

It will be the first foreign budget airline authorised to use Haneda, which will begin handling an expanded array of international flights in October when it opens a fourth runway and a new terminal.

Haneda is considered more practical than its sister airport Narita as it is located only 30 minutes from Tokyo. It can take more than twice that time to reach Narita, located 60 kilometres (40 miles) from the capital.

AirAsia X plans to sell a one-way ticket for 5,000 yen (58 dollars) for an economy seat from Japan as an opening discount, compared with economy fares of more than 200,000 yen offered by current route operators.

Canon to build new printer plant in Thailand

Japan's Canon Inc. said Tuesday it would spend 170 million dollars to build a new plant in Thailand employing a workforce of 5,000 to meet rising global demand for inkjet printers.

The Tokyo-based company will invest 14.6 billion yen (170 million dollars) in the plant in the northeastern province of Nakhonratchasima, with operations set to start in October 2011, it said in a statement.

"Increasing demand expected in the future has created a pressing need for Canon to expand its production capacity for inkjet printer products," the company said in a statement.

The new plant is the Canon group's second manufacturing foothold in Thailand and will have an annual production capacity of around 5.5 million units a year.

Canon expects to realise benefits from the new facility, including synergies with the existing plant in Ayutthaya about 170 kilometres (100 miles) away through using its parts supplies and infrastructure.

IBM to acquire analytics firm Netezza for \$1.7b

IBM announced Monday it will acquire business analytics firm Netezza in a cash transaction valued at 1.7 billion dollars.

IBM said it will pay 27 dollars per share for Netezza, a publicly held company based in Marlborough, Massachusetts, a premium of nearly 10 percent over its closing price on Friday.

The acquisition will expand the computer giant's analytics sector, which aims to help clients gain faster insights into their business.

Netezza is a leading provider of analytics appliances and its more than 350 clients include eHarmony, Neiman Marcus, Time Warner, Estee Lauder, Nationwide Insurance, Sapporo, NYSE Euronext, Virgin Media and others.

Costly port fiasco irks RMG

IQRAMUL HASAN

The worst congestion in the history of Chittagong port is costing importers and exporters nearly Tk 3 crore in losses a day, according to port users.

At least 65 vessels in the jetties and outer anchorage are part of the worst congestion at the port anyone can recall, said the port authority. But others put the figure closer to 100 -- and few agree on the true cause of the logjam.

The issues began on May 10, after the Chittagong Port Authority (CPA) took over operations for the first time in 123 years.

According to CPA Secretary Farhad Uddin, 17 vessels were waiting to park in the jetties and 52 are in the outer anchorage on Monday. Of the 17, two were vessels with no cranes, known as gearless. Of the 52, seven were gearless.

He also said the number of gearless ships at the port increased, which increased handling time.

The port is now running five formerly closed jetties to cope with the volume of traffic. These jetties had been closed due to dearth of operators.

The port authority also enlarged the North Container Terminal.

Fazley Akram, president of Berth Operators Association, said the congestion was because 12 berth operators were recently put out of work by a court ruling stemming from a complaint by stevedores.

He said 12 berth operators were selected during the caretaker government rule to handle six container berths and six general cargo berths.

"When the berth operators were in charge, container handling time was reduced to 48 hours from five to seven days previously," Akram said, "and cargo handling time fell to five days from 20." A third daily shift was also introduced, he added.

The stevedores' case against the berth operators, filed on April 26, stopped operations on May 10, even though it called on them to keep working until a fresh tender to hire new operators.

"Though the court verdict went



Chittagong Port users are now counting Tk 3 crore in losses a day from the worst congestion in recent times due to long handling-time for containers and cargo.

in favour of the berth operators, the port authorities did not call them back," he added.

The stevedores' complaint was over the flouting of established hiring procedures for berth operators.

According to Akram, "From May, the RMG industry alone faced losses worth Tk 1,000 crore, and the losses from other sectors were uncountable."

"The congestion is due to the long handling time of containers and cargo at the port, as it currently takes 12 to 13 days to handle a ship instead of three days previously," Ahsanul Haq Chowdhury, former president of Bangladesh Shipping Agents Association, told The Daily Star.

"Every ship standing at the outer anchorage costs \$8,000 (Tk 558,400) a day."

The number of gearless ships

increased to 18 from 13, which take longer because cranes have to be brought in from the terminal for them, he added. Large vessels usually have their own cranes to handle the containers.

Chowdhury also said general cargo delays were caused by companies that did not take away their goods on time.

MA Latif, president of Chittagong Chamber of Commerce and Industry, said management inefficiency is the main reason behind the huge traffic. If there is a shortage of equipment, the issue should immediately be managed for smooth operations at the port, he added.

Latif, also an Awami League lawmaker, said the situation should improve now as an elected government is in power -- even though the situation is now worse than when the caretaker govern-

ment ruled. "A taskforce during the caretaker government supervised the activities of the port, but it is currently absent and I don't know whether there is any conspiracy against the port."

Importers and exporters may file a writ petition against the port authorities for their financial losses, he added.

Latif said the deteriorating situation negatively affects the whole economy, and that foreign investors and buyers are losing interest in investing in Bangladesh.

"We are continuously contacting the government and port authorities to improve the situation," he said, "but no one pays heed to our demands."

AKM Akter Hossain, president of C&F Agent Association, said the rush that has been going on for the past six months is only because of

a shortage of equipment.

Manzurul Alam Manju, president of Bangladesh Masters Stevedores Association, said the situation has become worse due to the port authorities, who took the responsibility of handling cargo and containers by themselves even though they had no experience.

"The situation deteriorated further after Eid, due to an absence of workers."

Currently, the port has a capacity to handle more than 11 lakh TEUs (Twenty Feet Equivalent Units) of containers, including 21 container terminals.

Sixteen of these terminals are in operation by terminal operators and berth operators; five are closed because of manpower dearth.

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COLUMN

The quickest way to bruise your brand

JOHN WASIK

Corporate dollars and political campaigns are like oil and water for well-established retail brands.

Despite the troubling flexibility provided by the US Supreme Court case Citizens United, which allowed more direct corporate and union contributions to political campaigns, this freedom can be perilous.

Target learned first-hand how political donations could damage its brand. A public relations disaster followed its contribution to a group backing Tom Emmer, a Republican candidate for Governor in Minnesota, where Target Corp is based.

According to a study by Brandweek, a trade publication, Target's reputation was hurt in early August when the donation was revealed -- and still hasn't recovered. The publication's BrandIndex report showed the company lost one-third of its "buzz" score in 10 days last month, recovered modestly, then fell again during a media backlash. Target's stock price fell to under \$51 a share by Aug. 30, but has since recovered to close above \$53 recently.

Not only did the contribution result in a blizzard of op-eds, blogs and negative publicity, it seeded a boycott campaign from the well-funded progressive organization MoveOn.PAC.

Brand damage can be severe when corporations muddy their image by backing campaigns.

In Target's case, shoppers who liked their clean, well-lit discount stores generally expected Target's image to be apolitical. You don't have to wander far from a Target checkout to see how the company supports a wide variety of com-



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munity non-profits. Overt political leanings alienated an untold number of customers.

Direct political funding is bad for business because high-profile retail brands are expected to project this welcoming, multi-cultural image devoid of any agenda outside of free enterprise. They want your business, but they need to do it without a partisan message.

While we wouldn't be surprised to see a gun manufacturer supporting a pro-second amendment politico, we would be appalled to see a fast-food chain back a pro-life or pro-choice

candidate. It's a horrible fit and sullies a company's marketing message.

That's not to say corporations can't deliver their political dollars in other opaque ways. There are still more than 10,000 lobbyists on Capitol Hill and thousands more in state capitols. They can cloak their donations through trade groups, "527" organisations or "Astroturf" groups that appear to be grassroots, but are seeded and organised by corporate dollars.

Jane Mayer's recent New Yorker piece shed light on the Koch fam-

ily's various political groups and libertarian promotions.

Have consumers of Koch Industries' Georgia-Pacific products such as Quilted Northern bath tissue and Brawny paper towels resented the Koch family's funding of anti-Obama campaigns? Their right-wing bankroll has largely flown under the radar of mainstream media, yet is constantly monitored by groups such as Sourcewatch.org.

No matter how many watchdog groups there are, corporations have far more money and ways to evade an ever-dimming media

spotlight. Corporate-funded "Super PACs" are raising hundreds of millions for mid-term Congressional races.

Super PACs feature groups like American Crossroads, run by former George W. Bush adviser Karl Rove. The group has raised more than \$17 million and includes donors like Dixie Rice Agricultural Corp.

Meanwhile, money keeps pouring into campaigns like a breach in an old dam. Political fundraising -- now exceeding \$2 billion in this cycle -- according to the Associated Press, will probably break records this year.

In addition to unions such as AFSCME, IBEW, Laborers and SEIU, the "heavy hitters" in political contributions are AT&T, National Association of Realtors and Goldman Sachs. These groups represent more than \$355 million in political donations, based on data through August 22, according to OpenSecrets.org.

As it stands now, it's unlikely Congress will do anything to dampen the impact of the Citizens United ruling before the November election. Yet open disclosure of direct and indirect special-interest funding is essential, something the proposed Disclose Act attempts to mandate. No matter what brand of politics you subscribe to, you should know which corporations are backing candidates and why. Corporations already have more than enough lobbying muscle -- and those efforts should be fully exposed.

John Wasik is a Reuters columnist and the author of "The Cul-de-Sac Syndrome: Turning Around the Unsustainable American Dream."