

International Business News

China becomes Volvo's third largest market

AFP, Beijing
China has become the third largest market for Volvo, which was recently acquired by Chinese car maker Geely, state media reported Saturday.

Alexander Klose, head of Volvo Cars China, made the comments at a trade show in the northern city of Tianjin, according to the official Xinhua news agency.

He said sales of the Swedish brand's vehicles had soared in the world's largest auto market in 2010.

"As of the end of September, Volvo's global sales volume was up 12.5 percent year-on-year, compared with a 52 percent year-on-year rise in China," he was quoted as saying.

Volvo also expanded its dealer network to 81 Chinese cities in 2010, he said, adding he was confident of seeing huge growth in the nation's auto market in the next five years.

The struggling Swedish brand -- known for its sturdy, family-friendly vehicles -- was acquired from US auto giant Ford by China's Geely in August for 1.5 billion dollars.

Li Shufu, head of Geely, said in a September interview with the Wall Street Journal that he hoped to build three Volvo assembly plants in China that would produce up to 300,000 autos a year for sale in the Asian nation.

India slaps Vodafone with \$2.53b tax demand

AFP, New Delhi
India slapped a 2.53-billion-dollar tax bill on British cell phone giant Vodafone on Friday over its 2007 purchase of an Indian mobile company and demanded payment within 30 days.

The formal demand is the latest development in Vodafone's bitter row with Indian tax authorities over its 11.1-billion dollar purchase of a 67-percent stake in Hong Kong-based Hutchison Whampoa Ltd's Indian mobile unit.

Indian tax officials have called the long-running dispute a "test case."

It is being closely watched by international investors with experts saying the case could have implications for big-ticket purchases of Indian firms by other foreign companies.

"The income tax department today issued an order raising a tax demand of 112.17 billion rupees (2.53 billion dollars) on Vodafone International Holdings BV," owned by Vodafone Group Plc, the tax office said in a statement.

"The tax demand is to be paid within 30 days," the statement said.



AFP
Sri Lankan visitors look at automobiles on display at a car show in Colombo yesterday. Sri Lanka reduced import duties by as much as 50 percent in June 2010, sparking a flood of imports and renewed interest in the otherwise moribund car market.

Turkmenistan keen to boost gas exports to Russia

AFP, Turkmenbashi City, Turkmenistan
Turkmenistan's president told his Russian counterpart on Friday that Turkmenistan wanted to increase its gas exports via Russia.

"Russia is our longterm partner, and so, based on existing bilateral agreements, we are ready to boost natural gas exports to Russia," President Gurbanguly Berdimukhamedov told President Dmitry Medvedev, who is on a two-day visit to the energy-rich central Asian state.

The two leaders met in Turkmenbashi City, a small resort city on the Caspian Sea, renamed in 1993 after the country's late leader.

Russia, Turkmenistan and China in 2007 signed an agreement to build a gas pipeline along the shore of the Caspian Sea to boost supplies of central Asian gas to Europe.

Russia wanted the pipeline to join its planned South Stream pipeline to export central Asian gas to Europe via Russia, but the project subsequently stalled in the economic crisis.

The world economic downturn has reduced European demand for gas, leaving Moscow doubtful over whether it needs the planned gas pipeline, Kommersant business daily wrote Thursday.

Ericsson reveals profit jump

AFP, Stockholm
Ericsson, the world's biggest mobile network maker, revealed surprisingly strong quarterly net profits on Friday but said it was still grappling with sector-wide component shortages.

The Swedish company reported a net profit surge to 3.68 billion kroner (396 million euros, 553 million dollars) in the third quarter, up from 810 million in the same three-month period last year.

The results beat analyst expectations, which according to a poll by Dow Jones Newswires averaged 3.47 billion kroner.

The company's sales meanwhile rose for the first time in more than a year, inching up two percent to 47.5 billion kroner, slightly below analysts' forecasts of 47.7 billion kroner.

The markets rallied after the news, sending Ericsson's share price up 5.7 percent to 75.95 kroner in early afternoon trading on a slightly negative Stockholm stock exchange.

Analysts at Jyske Bank however described the earnings report as "somewhat mixed."

SOLAR ENERGY

GP launches green mission

IQRAMUL HASAN

Leading mobile phone operator Grameenphone (GP) is set to supply solar generated power in bulk to 140 of its sites by the yearend.

These are the sites that have no grid connections and the base stations are run by diesel generators.

The generators consume nearly 1.15 million litres of diesel a year -- an amount enough to irrigate nearly 13.77 acres of land overall. The diesel consumed by GP accounts for 3,062 tonnes of carbon emissions a year.

According to Infrastructure Development Company Ltd, every 2,000 square feet of land requires 5,000 litres of diesel a year.

Before this project, GP installed 14 renewable energy solutions at base stations, including a windmill, in 2008. Grameen Shakti, Ericsson and Huawei implemented the pilot projects.

Tanveer Mohammad, chief technology officer of GP, told The Daily Star that after a detailed survey of 180 sites with no grid connections, they found 140 feasible for solar power.

"We decided to use solar power systems to run those sites, for which, we are deploying three vendors from both Bangladesh and India to install the solar panels," he said.

The vendors are -- local companies, InGen Technology Ltd and Cosmos Energy Services Ltd, and Acme Tele Power Ltd of India.

"The contracts that are in place currently are different from our pilot project, as we will buy the power from the vendors under a power purchase agreement," said Mohammad. "The solar power systems will be owned and maintained by the vendors."

On the other hand, the pilot solar project is fully financed and owned by GP, an affiliate of telecom giant Telenor, Norway.

The contract with the vendors is on a unit consumption basis, where GP pays the vendors on the basis of the units of power consumed at the base station.

Mohammad said: "The contract spans ten years and upon expiry, GP can buy the whole system from the vendors."

He said the unit price of the power supplied is sustainable for both the vendors



GRAMEEPHONE
A base station of Grameenphone. Solar energy will replace diesel generators on 140 such sites of the leading mobile operator by the yearend.

and GP. "The unit price is higher than the grid price, but compared to the cost of diesel, it is feasible."

According to Mohammad, the main challenge to using solar energy is in running the air-conditioners that are used to remove the heat generated by electric equipment at the base station.

These air conditioners consume more power at the sites, he added.

Mohammad said they plan to replace the air conditioners with direct-current fans that can save a huge amount of power.

Currently, the telecom operator has 7,500 sites with 12,000 base stations, of which, diesel generators for power backup

are used at 2,200 sites.

A total of 180 sites have no connection to the grid and 1,500 other sites experience power outage of at least eight hours a day.

After the successful completion of this project, GP has a plan to include other 1,500 sites under solar power, said the technology chief of the telecom company.

Acme Tele Power Ltd of India, a vendor to GP in the current solar projects, received an order to install solar power systems at five sites.

Acme recently joint ventured with a local company -- Green Energy Management Services (GEMS) -- to operate the five projects.

"GP offered us more sites to work on, but we only chose five to maintain smooth operations," said Sabbir Ahmed Khan, chairman of GEMS.

Khan said it involves an investment of approximately \$40,000 per site, which includes the operating and fixed costs.

"We also have to use a maximum of three hours of diesel-generated power a day, as there is not enough sunlight for sixty-days a year on an average," he added.

Khan said they use monocrystalline solar panels with high quality components that raise their costs. "We expect to make returns on investment within 5.5 years, though the initial contract is for 10 years."

Cosmos Group, a local company, will install the solar power systems at 63 base stations of GP, each with a capacity of six kilowatts an hour and 21 hours of backup.

MA Reaz, director (marketing) of Cosmos Group, said preparations, including work orders and area selection, have been made.

"We hope to complete the project by December."

Reaz said if GP could provide additional funds from their corporate social responsibility funds, they could increase the capacity to supply power to the local communities. "There is no grid connection in the selected sites and the locals can be benefited by our projects."

The GP technical boss said they have plans to distribute additional power to the local communities in future.

Another local company, InGen Technology Ltd, will light the remaining 72 sites.

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ECONOMY

'Millionaire fair' flaunts small indulgences

AFP, Moscow

A diamond-studded saucepan was attracting plenty of interest at Moscow's top annual luxury fair, offering the usual array of sparkly bling, fast cars and vast price tags.

Displayed in a glass case, the saucepan has a handle and lid encrusted with 270 diamonds and is decorated with 750-carat gold, brand manager Natalya Oreshkina said.

Made by German cookware brand Fissler, the utensil is not really suitable for cooking, Oreshkina added, shuddering at the idea of putting it in an oven.

"It is for serving food beautifully," she explained as crowds packed the Manezh exhibition centre in central Moscow on opening night Friday.

At 150,000 euros, the pan costs roughly the same as a Porsche Cayenne SUV, but is better value, Oreshkina claimed in a practised sales pitch.

"A Porsche Cayenne turns into a pile of metal once it leaves the showroom. This is an investment."

An annual celebration of conspicuous consumption, the Moscow Millionaire Fair, has been held in Russia since 2005, crisis or no crisis.

Russia's economy is rebounding after it contracted a record 7.9 percent last year during the global financial meltdown.

Economists say recovery from deep recession remains fragile but appears to be picking up speed due to government efforts to boost private consumption.

So the emphasis at this year's luxury fair was, fittingly, on little indulgences.

A German range of skincare products called BB Royal comes packaged in containers decorated with 5,000 Swarovski crystals. It markets itself as the world's "most high-range" cosmetics brand.

"I think everyone would like to look younger, but of course you need a bit of money. Each bottle costs around 3,000 euros," said the brand's owner, Boris Bartel.

Or what about a 110,000-euro glass piano, which plays by itself and pipes an accompanying orchestra through a top-of-the-range sound system?

"It's for rich people, who usually buy them for their homes," said Irina Davydova, a manager at the Moscow store that sells the



AFP
A visitor of Moscow Millionaire Fair 2010 tries on jewellery on Friday. An annual celebration of conspicuous consumption, the event has been held in Russia since 2005, crisis or no crisis.

German Schimmel pianos. "Sales were worse last year, but this year, everything has already stabilised."

While previous events have featured concerts by big-name stars including Bryan Ferry, this week's fair promised a more modest performance by British DJ Mark Ronson.

Organisers boasted in a statement that he is the brother of the ex-girlfriend of Hollywood star Lindsay Lohan.

With just one helicopter on display and a handful of sports cars, including an orange Lamborghini priced at 729,000 dollars, this year's opening was comparatively low-key.

The sparkliest --- and largest price-ticket items -- on sale were swirly mosaics to hang on the wall made of thousands of Swarovski crystals.

An intricate picture of a child's eye was selling for three million dollars, while a black-and-silver butterfly was a snip at 1.25 million dollars.

The mosaics were designed by artist, Sharon Jones, who travelled to the fair from Perth, Australia.

The artist was bringing the Swarovski-crystal mosaics to Moscow for the first time in search of wealthy Russian clients, said her business partner and husband, Garrick

Jones.

"In Australia, we live too far from everything, that is our problem."

"They're not cheap," said Jones. "It's not an everyday thing that people can say, 'I'll have one of those.' It's for the wealthy."

Among the members of Russian high society attending and posing for the cameras were ballerina Anastasia Volochkova and society portrait painter Nikas Safronov, known for his flattering renditions of heiresses.

This year's event runs till Sunday. Organisers are based in the Netherlands, where the fair was first held.