

International Business News

Nissan launches hybrid under shadow of strong yen

AFP, Tokyo

Japan's third-largest automaker Nissan on Tuesday unveiled its first full step into the hybrid market with its Fuga luxury sedan, as it warned of "crisis" in a market battered by a strong yen.

The model is the company's first electric-gasoline hybrid using its own system for the mass market and will be launched in Japan next week. The Altima sedan hybrid sold in the US is powered by Toyota's hybrid system.

The launch comes as Japanese automakers are struggling with a strong yen, which makes their goods more expensive with many firms looking at shifting production overseas in a bid to stay competitive and offset costs.

Nissan said it is working "with a sense of crisis" to lessen the impact of the yen's strength on its business, as the currency's surge threatens to erode profits in a key export industry for Japan, Dow Jones Newswires reported.

"We can't adequately express our concern about the sharp yen rise on our earnings by simply saying... we are worried about it. The company is now working with a sense of crisis," Toshiyuki Shiga said.

The automaker is reducing exports from Japan while increasing imports as a short-term measure to cope with the strong yen, Shiga said, and aims to speed up shifting production overseas in the long term, he added.



AFP

Rail attendants pose with the Chinese high-speed trains at a station in Shanghai on yesterday, prior to the launch of the Shanghai to Hangzhou line. China's latest new high-speed passenger rail line went into service, halving travel time to 45 minutes between Shanghai and the eastern lake city of Hangzhou, officials said.

ArcelorMittal issues profit warning

AFP, Paris

ArcelorMittal, the world's biggest steelmaker, warned on Tuesday that lower prices and weak demand in the fourth quarter would weigh on operating profits, sending its share price sharply lower.

ArcelorMittal said it expected an operating profit in the three months to December of 1.5-1.9 billion dollars (1.07-1.36 billion euros), down from the 2.3 billion dollars reported for the third quarter.

"The demand picture remains muted. There are regional differences but overall demand remains muted on a global basis," finance director Aditya Mittal told a conference call on the results.

In midday trade, ArcelorMittal shares were down nearly 5.0 percent on the Paris market while steelmakers in other European countries came under pressure from the company's gloomy guidance for the fourth quarter.

The profit-warning overshadowed a 48 percent rise in third quarter net profit to 1.35 billion dollars but this was boosted by a one-off tax credit.

The company said capacity usage fell to 71 percent in the period, attributing the downturn to seasonal variations.

GE in \$750m turbine deal with India's Reliance

AFP, New Delhi

US conglomerate General Electric has landed India's largest single order for gas and steam turbines in a 750-million-dollar deal with utility giant Reliance Power.

GE will provide six gas turbines and three steam turbines to fuel a 2,400-megawatt expansion of a Reliance power plant in the southern Indian state of Andhra Pradesh, the US company said in a statement late Monday.

The new plant is expected to be up and running by the first half of 2012.

India is the sixth largest energy consumer in the world and its demand for natural gas has been growing at a rate of 6.5 percent for the past 10 years.

"Our flexible advanced, gas-fired combined-cycle technology will enable Reliance Power to produce large amounts of electricity and fuel India's growing economy," said Paul Browning, vice president of thermal products for GE Power and Water.

Reliance Power is India's largest integrated private sector power utility company.

Intel opens first chip plant in China

REUTERS, Taipei

Chip heavyweight Intel Corp opened its first chip plant in China on Tuesday in a move that said could help boost China's economy, several years after the U.S. firm first announced the \$2.5 billion project.

"For 25 years now, Intel has been investing and innovating in China with China and for China," Chief Executive Officer Paul Otellini said in a statement.

"This manufacturing facility helps deliver on our vision to contribute to sustainable growth in China while giving us better proximity to serve our customers in Asia," said Otellini, who spoke at the official opening ceremony in Dalian.

It has taken an unusually long time to build the plant, located in the northeastern city of Dalian, which was announced with fanfare in 2007 as Intel's first front-end semiconductor fabrication unit in Asia in a nod to the growing importance of the China market.

EMPLOYMENT

Lighting up a dark corner

IQRAMUL HASAN

Laxmi Acharya in the village of Rangamatia under Fatikchhari upazila looks happy and promising now. But things were different one and a half years back.

Laxmi could not pass her secondary school certificate exams in 2004. She felt she was a burden to her six-member family, her elder sister being married off two years ago for a dowry of Tk 50,000. The only bread earner in the family is her father -- a palmist. He earns around Tk 5,000 a month -- by telling fortune -- in the impoverished village, a two-hour ride from Chittagong city.

Grameen Shakti was a silver lining in the gloom. It trained 21-year-old Laxmi for a future job. Laxmi makes 10 charge controllers for solar home systems a day. Her mother Dipali Acharya said: "Laxmi was a good student but we could not help continue her education."

Laxmi said: "I felt that I was a burden to my family when I failed the SSC exams." "Then I started teaching the local children and began to earn Tk 1,000 a month."

In 2009, Laxmi came to know about the training programme of Grameen Shakti from an employee of Grameen Bank. "I decided to join the training."

Grameen Shakti has developed a market-based programme with a social objective of popularising solar home systems, including other renewable energy technologies, to thousands of rural families.

Currently, it is one of the world's fastest-growing renewable energy companies serving the rural backwaters.

Faroque Hossain, divisional manager of Grameen Shakti Chittagong, said the company has a special wing, Grameen Technology Centre (GTC), to train



GRAMEEN SHAKTI

Laxmi Acharya, 21, makes charge controllers for solar home systems in Rangamatia village in Fatikchhari. Grameen Shakti trained her for the job, a silver lining in the gloom.

the disadvantaged women.

"Under the GTC, we have so far trained more than 3,000 women across the country to make them technicians. They now earn and are empowered," he said.

One GTC has at least two diploma engineers who train the technicians like Laxmi. "We mainly train the women who make charge controller and lampshade for solar panels," he added.

At the Fatikchhari GTC, there

are two diploma engineers -- Noorjahan Akter Bhuiyan and Prothiva Chakma.

Noorjahan has been with the GTC for around six years now and has trained many like Laxmi in the area.

The technicians of the centre check all the products and fix the problems, if any, she said.

Grameen Shakti pays Tk 14 for each charge controller and Tk 7 for a lampshade.

Laxmi earns Tk 7,000 a month, with the earnings reaching Tk 8,000 sometimes.

Grameen Shakti gives the women fundamental training for 15 days and one-day refresher training every month.

During the fundamental training, every participant receives an allowance of Tk 1,500.

Dipali said she saved a portion of her daughter's income for her wedding.

Laxmi also contributes to the study of her younger brother who is now a student of class seven.

She wants to continue working with Grameen Shakti after her marriage, but has a doubt whether her husband will allow it.

The divisional manager assured that she would be able to work at any place where there is a branch of Grameen Shakti.

iqram@thedailystar.net

ASIAN ECONOMY

Indian govt warms to Wal-Mart's retail push

REUTERS, New Delhi

The Indian government sounded a positive note on Tuesday on opening up to foreign direct investment in the massive but politically sensitive multi-brand retail sector by global players like Wal-Mart and Carrefour.

Food Processing Minister Subodh Kant Sahai backed calls by Wal-Mart, the world's largest retailer, to open up parts of the tightly regulated \$450 billion retail sector and said this may happen next year.

"I am in favour of it because this will give market-driven farming to farmers," Sahai told reporters at an event attended by visiting Wal-Mart Stores Chief Executive Mike Duke.

India's retail sector is largely closed to foreign firms and favours small mom and pop stores, with 51 percent of foreign direct investment allowed only in the single-brand retail sector. Multi-brand retail is restricted to cash-and-carry or wholesale outlets.

Opening up the sector would ease massive supply bottlenecks that have helped keep inflation stubbornly high.

"It is very much on (the) agenda," Sahai said referring to opening up the multi-brand retail sector to foreign investment. "Let's see, by next year," Sahai said, when asked about the time frame for such a move.

Still, it is not the first time the government has hinted at possibly relaxing the rules. Over the past few years the government has moving forward on reforms only to backtrack in the face of local opposition.

Wal-Mart, in partnership with India's top telecoms group



AFP

Indian Minister for Food Processing Industries Subodh Kant Sahai (C), President and CEO, Walmart Stores Inc, Mike Duke (L) and Federation of Indian Chambers of Commerce and Industry (FICCI) President and Vice Chairman of Bharti Telecommunication and Airtel mobile group Rajan Bharti Mittal shake hands during an interactive meeting organised by FICCI in New Delhi yesterday. India's government appears to be moving closer to opening up the nation's vast retail sector to foreign investors.

Bharti Enterprise, operates four cash-and-carry outlets in India.

India, which along with China is leading annual economic growth among major economies, is increasingly a hot investment destination for global companies keen to tap into the massive, decentralised yet heavily regulated market.

POLITICAL MINEFIELD

An estimated 40 percent of India's farm produce spoils before reaching consumers -- an alarming statistic in a country where millions go hungry. Cold storage is scarce and

expensive.

With mom-and-pop stores accounting for over 90 percent of domestic trade, the issue remains a political minefield for a ruling Congress party fearful of losing its populist appeal through potential job losses and protests from farmers.

Many local retailers still oppose relaxing restrictions for fear that global titans will drive local stores out of business.

But Prime Minister Manmohan Singh's government has begun to speak more positively recently on relaxing the rules, hoping the benefits of such a move -- creating thou-

sands of jobs and reining in inflation by curbing waste -- would douse political opposition.

India's commerce and industry ministry in July released a discussion paper on opening the sector, but it steered clear of suggesting changes to the existing investment cap.

Singh's political boss and Congress party chief Sonia Gandhi has so far publicly been reluctant to embrace the changes, part of a general slow pace of reforms that has frustrated many foreign and local investors.

Wal-Mart's Duke told report-

ers on Monday he was getting a "very positive" feeling from officials about further opening up the sector to FDI. The company has long sought greater access to the Indian market.

Duke said on Tuesday that Wal-Mart would step up direct sourcing in India from farmers.

"We are currently buying fresh products direct from over 600 farmers and are working with them to increase their yields and best practices," Duke said.

"I am pleased to announce a new goal to buy directly from 35,000 small and medium farmers in India by the end of 2015."