

International Business News

Suzuki's net profit more than doubles

AFP, Tokyo

Japanese carmaker Suzuki Motor said Tuesday its net profit more than doubled in the first six months to September and raised its full-year earnings outlook thanks to robust sales in Asia, notably India.

Suzuki, which controls nearly half of India's booming car market through its Maruti Suzuki subsidiary, posted a net profit of 30.41 billion yen (377 million dollars) in the six months to September -- up 143 percent from 12.51 billion yen a year earlier.

Sales grew 11.6 percent to 1.32 trillion yen in the first half of the financial year to March 2011, from 1.18 trillion a year earlier.

Operating profit more than doubled to 68.81 billion yen from 31.84 billion.

Thanks to brisk sales in Asia, the company posted larger sales of 463.7 billion yen in the region -- namely India, Indonesia, Pakistan and Thailand -- up 27.7 percent from a year earlier.

For the year to March, Suzuki lifted its earnings outlook despite a higher yen, which eats into repatriated sales for Japanese exporters.

Hugo Boss reports strong quarterly profit

AFP, Frankfurt

German fashion group Hugo Boss reported a strong third-quarter profit on Tuesday and confirmed unexpectedly good performance given in preliminary figures last month.

The group has increased the number of its own brand stores, especially in Asia.

The company said that net profit climbed by 79 percent to 92.2 million euros (129 million dollars) in the three month period compared with the third quarter of 2009.

Operating profit was 73 percent higher at 128.6 million euros, a statement added, and showed that 2010 "will be a year of growth again" for the group.

The final figures "confirm the company's good health," LBBW analyst Bernd Muell said.

After suffering early this year from lagging effects of the global slowdown, Boss has bounced back and confirmed a sales gain of 19 percent to 538 million euros in third quarter sales.

But "our growth in the third quarter is broad-based, with all regions, distribution channels and brands contributing to it," chairman and chief executive Claus-Dietrich Lahrs was quoted as saying.



Philippine airlines ground crew eat meals consisting of dried fish dramatizing their plight during a rally in Manila yesterday. Hundreds of Philippine Airlines ground crew took to the streets on the day to urge President Benigno Aquino to stop the flag carrier from farming out their jobs to other companies.

BP bills Mitsui \$1.9b for Gulf spill

AFP, Tokyo

A subsidiary of Japanese trading house Mitsui & Co. has been sent a 1.9 billion dollar bill from BP to cover costs from the Deepwater Horizon oil spill, the Nikkei business daily said Tuesday.

The Japanese firm holds a partial stake in the oil well through its subsidiary Mitsui Oil Exploration Co.

The company has said it would withhold payments requested by oil firm BP to cover costs for the huge Gulf of Mexico spill until the cause is fully revealed.

In August, Mitsui said it received a payment request totalling nearly 480 million dollars from BP over the costs of the spill.

Robert Dudley, who replaced Tony Hayward as BP chief executive officer in October, had said earlier this year that BP would "vigorously" pursue its partners for costs as it also sells off assets to pay for the spill.

The oil spill disaster began on April 20 when the Deepwater Horizon drilling platform exploded in the Gulf, 50 miles (80 kilometres) off the coast of Louisiana, killing 11 workers, and sank two days later.

S Korea to build \$8.2b offshore wind farm

AFP, Seoul

South Korea said Tuesday it would build a massive offshore wind farm off the west coast by 2019 to develop new sources of renewable energy and help wind turbine exporters.

Under the 9.2 trillion won (8.2 billion dollars) project, companies such as Hyundai Heavy Industries and Daewoo Shipbuilding and Marine Engineering plan to build 500 turbines, the Knowledge Economy Ministry said in a statement.

The wind farm, to be built near the southwestern counties of Buan and Yeonggwang, will generate about 2,500 megawatts of electricity, it said.

The government will coordinate the project and provide 29 billion won, while private investors will finance the rest.

Major South Korean shipbuilders and heavy machinery makers such as Samsung Heavy Industries and STX Heavy Industries are scrambling to enter the lucrative global wind power market.

BANKING

Fresh lifeline to northern jute mills



An under-construction building of Azad Jute Mills in Lalmonirhat.

RAFIQUE SARKER, Rangpur

Most commercial and specialised banks are keen to finance the small- and mid-scale private jute mills in northern districts.

Over the last seven years, BASIC Bank, Rajshahi Krishi Unnayan Bank, National Bank, Janata Bank and Uttara Bank have lent about Tk 100 crore to a sector that produces yarn bags.

BASIC's Sayedpur Branch alone gave more than Tk 60 crore to five jute mills in Dinajpur, Nilphamari, Rangpur and Kurigram.

BASIC bankrolled ND Jute Mills and Poddar Agro Industry in Nilphamari, JK Jute Processing Works in Rangpur, Kurigram Jute Mills in Kurigram and Mirza Jute Mills in Dinajpur, said Ekramul Bari, manager of BASIC's Sayedpur branch.

Uttara Bank extended Tk 2 crore in funds to Rangpur Jute Mills Ltd in Kounia upazila, Rangpur, while National Bank financed Tk 7 crore to Eku Jute Mill in Sayedpur, Nilphamari.

BASIC Bank also financed Bhai Bhai Jute Mills in Burirhat, Rangpur. Loan proposals for two more jute mills -- Motahar Hossain Jute Mill at Pargachha and SR Jute Mill at Kounia in Rangpur -- are being processed, Bari said.

The bank will disburse these loans by December, said BASIC Bank's Deputy General Manager for

Rangpur Rezaul Karim.

RAKUB financed Tk 16 crore for the construction of Azad Jute Mills in Mohendra Nagar in Lalmonirhat, which is at its final stages.

Quamrul Hassan Azad, managing director of Azad Jute Mills, said: "We hope to go into production in December. About 1,000 workers will be employed."

North Bengal Jute Mills is also being constructed in Mithapukur, Rangpur, with Tk 16 crore from Janata Bank.

"We gave term-loans and working capital to the jute mills and most are paying their instalments regularly," Karim said.

ND Jute Mills Proprietor Raju Poddar said: "We have another jute mill -- Poddar Agro Industry. We have already paid the loans back to the bank."

Federation of Bangladesh Chambers of Commerce and Industry Vice President Mostafa Azad Chowdhury Babu, who is also a director of Motahar Hossain Jute Mills Ltd, said, "Jute entrepreneurship is growing in the Rangpur division. This region is moving towards industrialisation. A large number of people are employed in the jute mills."

"Bangladesh Bank should consider the Rangpur division as a separate economic zone and make policy to help entrepreneurs with bank loans at low interest rates, to increase the number of jute mills here."

COLUMN

Why emerging markets have an edge

CHRYSIA FREELAND

Tony Hsieh and Sanjay Madan wrote the programme to create LinkExchange over a weekend. Before the following weekend, they had more than a dozen websites participating in their ad-sharing network. Over the next several weeks they worked frantically on the project. They refined their business in real time, learning -- quickly! -- from their mistakes. Less than a year later, the Harvard grads were offered \$1 million (US) for the company. Less than a year after that, they sold it for \$265 million.

That was 1996. Since then, this story of development on the run has become commonplace. Hacker culture is now part of the broader culture: "beta test" is in the dictionary, and we accept innovative, albeit imperfect, beta releases even from multibillion-dollar global behemoths such as Google. We're prepared to accept flaws because the tech revolution is progressing so quickly that it is usually better to be fast, and possibly wrong, than to try to be perfect and end up being slow. By the time your flawless product is released, it will likely be obsolete.

Technologists aren't the only people operating in a rapidly changing, uncertain environment. Thanks both to the tech revolution and to globalisation, that is true of all of us, including our governments. But, as Nobel-Prize winning economist Michael Spence argued at a private equity conference in Quebec City this week, emerging-market governments seem to be better at dealing with an unpredictable, volatile world than Western ones. They are like Silicon Valley entrepreneurs -- willing to act swiftly, even if it means making mistakes. Leaders in the West are more like Detroit, reluctant to make bold moves until it is too late.

Part of the problem is the way we judge various types of mistakes. Spence argues that we make two types of mistakes -- implementing a bad idea, and failing to act on a good one. If you are religiously minded, you could think of these as sins of commission and sins of omission. In stable times, sins of commission are probably worse. If your industry isn't changing very much or if your country's economy and the world economy are on an even keel, launching an expensive new product or government



People look at clothes on display at a market in Beijing on Monday. Critics in the United States and Europe have argued that China artificially keeps the value of the yuan low to give exporters an unfair edge.

program that fails is probably more damaging than missing out on a great opportunity.

But in times of radical change, making a mistake is less risky than doing nothing at all. Spence thinks that emerging-market leaders understand this better than Western ones do, and he cited the examples of China's fast and big stimulus programme after the financial crisis and the Indian government's willingness to act to burst asset bubbles.

The effectiveness of China's government -- especially in contrast with the paralysis of some Western nations -- is often understood as evidence of the greater agility and decisiveness of authoritarian states. Spence's analysis suggests another phenomenon could be at work. Emerging-market leaders -- both the democrats and the dictators -- are more accustomed than

their Western counterparts to fast and disruptive change: They've experienced revolution, hyperinflation and devaluation. That may give them an edge in today's volatile global economy.

Speaking at the same conference, Glenn Hutchins, co-founder and co-CEO of private equity firm Silver Lake in New York, said that in the corporate world the heat is shifting from Western companies to ones in the emerging markets. In the past, he said, developed Western economies were "the best crucible" for coming up with the most appealing inventions and the most effective business practices that were then exported to the rest of the world. But Hutchins, argued that emerging markets, with their rapid growth and demanding, low-income consumers, were turning out to be a tougher -- and therefore better -- hothouse for pace-

setting companies than the West.

"It used to be that to be a global company you had to forge your business model in the crucible of competition in North America," Hutchins said. "Today what you are seeing is companies that are growing up ... whose business models are being forged in the crucible of competition in the emerging markets."

American financiers haven't been getting a lot of praise lately for their skill at capital allocation. But the speed with which the smartest investors, such as Hutchins, have grasped the shift of ideas to the emerging markets is impressive. Western politicians could do worse than to follow their example.

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Of the off-grid

IQRAMUL HASAN

State-owned Infrastructure Development Company Ltd has so far installed seven lakh solar home systems (SHS) across the country. The company has beaten the target it set for installing the solar energy devices, and now plans big.

The non-bank financial institution has invested around Tk 821 crore -- Tk 607 crore loans and Tk 214 crore grants -- for the SHSs installed until September.

IDCOL also plans to invest another Tk 2,858 crore in soft loans and Tk 1,040 crore in grants for the same purpose.

The company now sets a target to install one million SHSs by 2012.

In 2003, the company made a plan to install 50,000 SHSs in the off-grid areas within five and a half years. The target was achieved in August 2005, almost three years ahead of the deadline it set. Then the company revised its target to one million that it said can be achieved by 2012.

"If the current pace continues, we will reach the target by mid-2011," said SM Formanul Islam, director (legal) and company secretary of IDCOL.

Once all the installation is complete, the combined capacity of the SHSs will be 54 megawatt.

Most of the solar home systems installed with the financing of IDCOL have a capacity of 50 watt-peak. The original cost of the system is Tk 30,800, of which the IDCOL grant is Tk 2,800. A household has to count a Tk 4,200 downpayment. An IDCOL loan of Tk 19,040 is distributed through partners. The partners give Tk 4,760 in loans to customers.

"We installed SHS of different capacity that, on average, stands at 50 watt-peak per system," he added. Most of the SHSs were installed in the off-grid areas.

According to the statistics of IDCOL, it installed around 50,000 SHSs in Sunamganj -- the highest coverage by the company in a district. Satkhira and Patuakhali stand second and third, having 31,200 and 28,483 SHSs respectively.

Of the partner organisations that implemented the solar projects of IDCOL, Grameen Shakti alone installed more than four lakh SHSs in different parts of the country.

Islam said the demand for SHS in the country is now around six to seven million, but only 10 percent to 12 percent demand has been met so far.

The government and donor agencies also helped IDCOL install SHSs. The donor agencies include World Bank, Global Environment Facility (GEF), KfW (German Development Cooperation), GTZ (German Technical Cooperation), Asian Development Bank and Islamic Development Bank.

Islam Sharif, executive director and chief executive of IDCOL, said it is also focusing on large solar energy projects.

"We are going to create a fund of around Tk 680 crore for solar irrigation system to facilitate 500 solar irrigation pumps very soon," he said.

Sharif said IDCOL has another plan to install at least eight to nine large solar energy systems that will be directly connected with the grid.

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