

Foreign automakers find Iranian market has gone local

AFP, Tehran

Foreign automakers seeking a return to the potentially huge Iranian market with the lifting of international sanctions will find the business environment has changed: former joint venture partners now want to play the game by their own rules.

Iran's auto industry has been a major casualty of penalties imposed over the Islamic republic's nuclear programme, with production plummeting and workers laid off because of the ensuing economic slowdown.

France's PSA Peugeot-Citroen and South Korea's Hyundai left the country altogether, while Renault continues to import parts and assemble cars in Tehran but at a fraction of former output.

Total car production was 1.6 million in 2011, but it had halved two years later.

US sanctions on the auto industry in 2013 were the main cause, on top of American and European bans on Iranian bank transactions abroad.

But the auto sanctions were lifted earlier this year after an interim nuclear agreement was reached between Iran and world powers and a final accord is still on the horizon, raising the prospect of better times for the industry.

That will draw international suitors to Tehran on Monday for the second consecutive Iran Auto Show.

Mercedes Benz, Volkswagen, Renault, Peugeot, Kia and Toyota have confirmed. US carmakers General Motors and Ford were invited but it is unclear if they will attend.

The organisers want to attract foreign investment -- with a population of 77 million the Iranian market is seen as untapped -- but the conditions of a partnership are likely to change.

- More local production -

Under new joint deals, the industry ministry wants 40 percent of production done in Iran to begin with, rising to 85 percent after five years.

Iran Khodro, which has a 54 percent market share in the Islamic republic, plans to return this year to its 2011 production level -- 600,000 cars.

Previously, it had agreements with Peugeot, Renault and Suzuki, but current production is done without foreign tie-ups,



AFP

The Captur urban crossover, manufactured by Renault in collaboration with Iran's automaker Iran Khodro, is displayed at the International Car Exhibition in the northern city of Tabriz.

Hashem Yekezareh, Iran Khodro's chief executive, told AFP.

"We expect our former partners back in Iran but on the terms that we offer," he said, with particularly tough words for Peugeot-Citroen, noting that "they quit Iran" when the situation deteriorated, adding that they will have "to pay the price for such acts".

Representatives from the French carmaker, for whom Iran was its second-largest market, met Iranian officials in Paris in early October to discuss a possible return.

Iran Khodro now wants a 50-50 joint venture rather than the previous 51-49 ratio in the visitor's favour, encompassing production, sales, technology transfer and access to Peugeot-Citroen's foreign network.

- No preferential treatment -

The partnership stretches back to 1990,

but that won't secure preferential treatment this time around.

"We know what Iran Khodro's interests are and we will go to the company that best protects those interests," said Yekezareh.

In early October, Iran Khodro unveiled two new models in collaboration with Renault at a plant in the northern city of Tabriz -- a Captur urban crossover vehicle and the Clio 4.

Eventual production of those vehicles could raise Iran Khodro's market share to 60 percent, but for a major boost to the auto sector a full and final nuclear deal is necessary.

"The day the nuclear deal is signed... business will pick up," said a foreign auto expert who claims a preliminary agreement with Volkswagen's Skoda has already been made. Hyundai and Fiat are also reportedly

looking for deals.

Even so, as long as the banking sanctions are still in place, market conditions will not return to normal. And ahead of the auto show some carmakers cite other problems.

The Tehran government's granting of an exclusivity deal on urban crossovers and city compact models to Iran Khodro and Saipa, the country's second-biggest manufacturer, raises questions about anti-competitive practices.

Mostafa Jafari, the commercial director of Kerman Motor, which assembles Chinese brands Lifan and JAC, said his company has the capacity to make those cars and could triple its market share to 15 percent by doing so.

This week's auto show should test foreign and local companies' expectations alike.



IZONIL

Martin Lieskovsky, owner of Izonil Group of Slovakia, and Ruhul Amin, group vice president of Ahmed Amin Group, attend a press conference on Saturday. Baraka Engineers Ltd, a company of Ahmed Amin Group, and Izonil Group are jointly introducing the green and waterproof Izonil Cement and drying plaster Izonil Hard in the country.

Corruption crackdown clouds China corporate jet market

AFP, Shanghai

Makers of the world's private jets are looking to promote their aircraft as business tools in China rather than luxury toys for the super-rich, as a corruption crackdown slows sales in the country.

Chinese leader Xi Jinping launched a drive against graft after he came to power in late 2012, accompanied by policies to enforce austerity among officials -- hitting sectors ranging from high-end liquor to luxury watches.

The market for private jets is a small, albeit fast-growing aviation segment in China, but the corruption campaign has

taken some heat out of the market, according to industry officials.

"We're in this anti-extravagant thing so numbers are down a little bit," said Briand Greer, president of Honeywell Aerospace for Asia-Pacific, which supplies the aviation industry.

"To me it's like the river has slowed a little bit. Growth will be there, but it's a different period right now," he told AFP.

The first US Gulfstream jets only arrived in China in 2003, widely seen as the dawn of the new market. By 2013, there were an estimated 248 business jets in China -- a 28 percent jump from 2012, according to consultancy Asian Sky Group.



SIBL

Md Razaul Haque, chairman of Social Islami Bank, presents a donation cheque to Navian Nedin, representative of Kailakuri Health Project, as part of corporate social responsibility to celebrate the bank's 19th founding anniversary at a programme recently.

Donald Tusk, new face from the east to lead Europe

AFP, Brussels

Poland's Donald Tusk takes over as European Council president Monday, the first person from the former Soviet-dominated east to take a top Brussels role, with a mandate to revive the economy and deal with a resurgent Russia.

With his direct manner and piercing blue eyes, the 57-year-old former prime minister promises a contrast with Herman Van Rompuy, the outgoing council chief and the first person to hold the post.

Former Belgian premier Van Rompuy was a conciliatory figure during his five years at the head of the council of all 28 EU leaders, known for writing Japanese haiku poems and once described as having the "charisma of a damp rag".

But Tusk will be a different proposition, with his roots in Poland's anti-communist Solidarity trade union, at a time when the European Union faces a mounting challenge from Russia over Ukraine.

"He speaks for himself, and often says exactly what he thinks," a European diplomat told AFP.

Tusk completes the EU's new top trio for the next five years, alongside Jean-Claude Juncker, head of the union's executive branch the European Commission, and foreign affairs chief Federica Mogherini.

- 'Different perspective' -
The choice of Tusk for a strategic job that involves coordinating the EU's heads of government and representing the bloc abroad underscores the rise of the former Warsaw Pact countries 25 years after the fall of the Berlin Wall, and 10 years after they joined the union.

"I come to Brussels from a country that deeply believes in the significance of Europe," Tusk said after he was named on August 30.



NCC BANK

Md Nurun Newaz Salim, chairman of NCC Bank, opens the bank's 102nd branch in Nangolkot, Comilla recently. Golam Hafiz Ahmed, managing director, was also present.

Online sales spike on a less chaotic Black Friday

AFP, Washington

The top US shopping "holiday" saw a surge this year in online sales with smaller crowds in stores -- but Black Friday still brought some of its trademark shopping mall pandemonium.

Businesses usually offer deep discounts starting early Friday morning, prompting massive crowds that have led to numerous injuries and a number of deaths in years past.

This year, businesses continued a trend in starting shopping deals earlier and extending them longer, leading to smaller crowds.

But many major retailers, including discount megastore Walmart, also emphasized online shopping as a way to get consumers purchasing faster.

An early report from commercial analyst ChannelAdvisor Corp showed up to a 22 percent increase in Black Friday online shopping compared to last year.

The firm also reported a 20 percent increase in online sales on Thanksgiving day.

For the first time the majority of online sales came from mobile devices, a report by IBM said.

"Online shopping started while turkeys were still in the oven and yesterday was our second-highest online sales day ever -- topped only by Cyber Monday last year," said top

Walmart executive Laura Phillips on Friday.

Sales data from the National Retail Federation was expected Sunday. Last year's figures from showed \$57.4 billion in total sales over the Black Friday weekend, a drop of 2.7 percent from 2012.

The largest day of online sales typically comes on the Monday following Black Friday, when stores offer a number of online-only discounts.

In United States shopping malls, there were shorter lines and fewer packs of frenzied shoppers on Thursday night and Friday, US media reported.

Still, several people were injured and three were arrested after a shopping fight early Friday morning at a department store in southern California, reports said.

And what appeared to be a murder suicide took place Friday night at a Nordstrom department store in Chicago. Police deemed it "domestic-related," according to the Chicago Tribune.

This year the shopping day was also caught up in a furor over the decision not to indict the police officer who killed an unarmed black teenager in Missouri. The shooting has put American race-relations under scrutiny and prompted demonstrations over how police, especially

white officers, interact with African Americans.

Black public figures called for Black Friday boycotts, and in Ferguson, Missouri, where the killing took place, protests briefly shut down a local mall.

In the west coast city of Seattle, protesters chained a mall's doors closed, and in California's San Francisco, hundreds rallied and a police officer was injured by a bottle thrown at a police car, local media reported Friday.

Meanwhile, the FBI estimated it hit more than 144,000 background checks for Black Friday gun sales, CNN reported. Black Friday is one of the busiest days for gun sales in the US, the FBI said.

Retailers have been buoyed by predictions that a drop in gas prices and higher consumer confidence could lead to higher sales overall this year.

The start of the US holiday shopping season has slowly been broken up into a number of shopping days including "Gray Thursday," "Black Friday," "Small Business Saturday," and "Cyber Monday" to prompt December sales.

US president Barack Obama made a surprise visit Saturday morning to a landmark Washington bookstore to support small businesses.

Traidcraft works for sustainable livelihood for farmers

STAR BUSINESS REPORT

UK-based fair trade organisation Traidcraft is working to provide sustainable livelihood to nearly 12,000 small farmers in Bangladesh.

For that end, the charity is running two projects: APONE (Alleviating Poverty in North East Bangladesh) in Mymensingh and Sherpur and ALO (Alternative Livelihood Option) in the same two districts plus Netrokona.

Once the projects are over, they would have increased gross income of 11,700 small farmers by 30 percent, said Shahed Ferdous, director of Traidcraft Bangladesh.

"We are working with farmers who own less one acre of land. Most importantly, many of these farmers have literally nothing," he told The Daily Star yesterday.

He said 40 percent of the projects' beneficiaries are women and 30 percent are tribal groups.

The APONE project is funded by Traidcraft and the UK government's Department for International Development and the ALO project by Traidcraft and the Big Lottery Fund, which distributes profits from the UK national lottery to appropriate causes and projects.

Established in 1979, Traidcraft has two components: a public limited company called Traidcraft plc, which sells fairly traded products in the UK; and a development charity called Traidcraft Exchange that works with poor producers in Africa and Asia.

Traidcraft yesterday began a two-day workshop at The Daily Star Centre to conduct a mid-term review of the ALO project -- in light of its original goals. "If we find that there is any deviation in meeting the project's objectives we will correct them. If we find that the project is functioning well then we will build on the improvement."

Under both the projects, a group comprising 30 farmers has been formed, which is acting like an institution. They have committees, constitutions and accounts with banks, with average saving standing at Tk 75,000. They also hold elections, said the Traidcraft country director.

"We want to ensure that the farmers in the group continue to work together even if the projects end." The APONE project will come to an end next year, while the ALO project will run another two years.

About 40 field-level officials related to the projects and Traidcraft's local partners took part in the workshop.

China home prices fall in Nov

AFP, Shanghai

China's housing prices fell on a monthly basis for the seventh straight month in November, a survey showed Sunday, with the market yet to feel the full impact of an interest rate cut.

The average price of a new home in China's 100 major cities was 10,589 yuan (\$1,736) per square metre in November, down 0.38 percent from October, the independent China Index Academy said in a statement. The fall was a slight improvement from the 0.40 percent month-on-month drop in October, previous figures showed.