

# Star BUSINESS

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## Asean risks irrelevance unless it transforms: Singapore

AFP, Singapore

The Association of Southeast Asian Nations must change or become irrelevant, Singapore's deputy prime minister was quoted as saying on Saturday.

S. Jayakumar represented the city-state on an "eminent persons group" panel tasked with drawing up a proposed, legally binding charter for the 10-member bloc.

Critics accuse the disparate group -- whose members range from wealthy Singapore to the impoverished communist nation of Laos -- of being a "talking shop" that accomplishes little.

The 40-year-old association has also been strongly criticised for its failure to act against abuses, espe-

cially those involving military-ruled member Myanmar.

"If it just continues to do more of the same, I think over a period of time, Asean will just become one of those organisations which will slowly fade into the sunset," The Straits Times quoted Jayakumar as saying.

"Asean -- as an organisation -- will atrophy and become marginalised" unless it reinvents itself, the Today daily quoted him as saying.

He was speaking ahead of the Association of Southeast Asian Nations' (Asean's) annual summit and meeting with its East Asian dialogue partners on the central Philippine island of Cebu from January 10 to 15.

The gathering was postponed

from December after Philippine President Gloria Arroyo cited worries over an approaching typhoon.

A draft of the charter prepared by the eminent persons group was to be presented at the summit.

Former Philippine president Fidel Ramos, that country's representative on the high-level panel, last month outlined details of the draft, which would be a radical departure from Asean members' traditional non-intervention in each other's affairs.

Ramos said decision-making by consultation and consensus should be retained for sensitive and important issues.

"But if consensus cannot be achieved, decisions may be taken

through voting among members," he said.

"In exceptional circumstances the traditional policy of non-intervention may be adjusted and sanctions imposed for non-compliance."

"And yes, that may include suspension of a member state but not expulsion."

Jayakumar was quoted Saturday as saying Asean must push ahead with the "hard-nosed decisions" to make itself more effective.

"I think there's no choice," he said.

A final draft of the charter is expected to be presented to the Asean summit in Singapore next December.

## Motorola warning signals tough 2007

REUTERS, New York

A profit warning by Motorola Inc could signal a tough 2007 for cell phone makers who increasingly depend on competitive emerging markets as growth in the rest of the world slows, analysts said.

Motorola and its bigger rival, Nokia, are faced with the stark choice of either upsetting shareholders with lower profit margins as they push into China and India, or forsaking some growth by pursuing these and other emerging markets less aggressively.

And while margins at the No. 3 and No. 4 handset makers Samsung Electronics Co. Ltd and Sony Ericsson may be under less pressure this year as they focus mainly on developed markets, analysts said they could suffer over the long term.

"Lower-price phones is where the demand is going to be and that's going to put pressure on prices and margins across the handset industry," said Deutsche Bank analyst Brian Modoff.

He forecast that growth in handset sales would slow to around 15 percent this year compared with the 20 percent and above growth rates the industry has enjoyed in recent years.

Motorola said late on Thursday it would report worse-than-expected fourth-quarter 2006 sales and earnings because of an unfavorable geographic and product mix.

The news pushed Motorola's shares down 7.8 percent by the close on Friday, its biggest one-day drop in four years. Nokia's U.S. shares fell 5 percent.

Nokia and Motorola have focused on developing new markets to counter slowing growth in the United States and Europe, but they face stiff competition from an array of local handset makers in the lower end of the market.

## Nokia signs WiMAX deal with Sprint

REUTERS, Helsinki

Sprint Nextel has picked Finland's Nokia as a key infrastructure and consumer electronics device provider for its WiMAX mobile broadband network in the United States, the companies said on Friday.

The size of the deal -- which Nokia shares with Intel, Samsung and Motorola -- was not revealed, but the companies said Nokia would be "a major supplier."

Sprint is expecting to invest up to \$800 million in 2007 and between \$1.5 billion and \$2 billion in 2008 relating to the WiMAX network.

WiMAX allows Internet access and file downloads at very high speeds from laptops, phones or other mobile devices over greater distances than previous technologies.

Sprint is planning to start its WiMAX network service in trial markets by the end of 2007, and is planning what would be the largest network in the world, covering at least 100 million people by end-2008.

Nokia and Sprint will also jointly develop and market WiMAX-enabled mobile devices in significant volumes including multimedia computers and Internet tablets, while working together on developing mobile services.

## Dollar strikes six-week high against euro

AFP, New York

October and November were also revised upwards.

The latest assessment cut short any lingering talk that the Federal Reserve might cut interest rates in the coming months, analysts said.

"The payrolls data have put paid to any thought of a Fed rate cut and investors will be picking through upcoming data very carefully," said Paul Bednarczyk, currency analyst at 4CAST.

Analysts also pointed to an unchanged US unemployment rate and a rise in hourly wages as further evidence the Federal Reserve would be unlikely to cut rates.

The yen garnered support Friday from a report in the Yomiuri Shimbun, Japan's top-selling daily, that the Bank of Japan (BoJ) might hike its benchmark interest rate from 0.25 percent as early as its January 17-18 meeting.

But a rate hike still appears unlikely in January and participants used the report as an excuse to take some profits on the dollar's recent rise against the yen, said Hachijuni Bank foreign exchange dealer Noriaki Ichikawa.

"Traders are simply readjusting their positions so the yen-buying is temporary," he added.

Market expectations for another rise in Japanese interest rates have waned since BoJ governor Toshihiko Fukui -- who has repeatedly signalled he wanted to raise rates at some point -- acknowledged last month that consumer prices and private consumption had been weaker than previously thought.

In late New York trade, the dollar edged up to 1.2355 Swiss francs from 1.2327 Thursday.



PHOTO: AKTEL

Ahmad Ismail, managing director of AKTEL, and Helaluddin Akbar, managing director of Etihad Crystal Cargo, pose for photographs at a corporate agreement signing ceremony recently. Under the deal, the mobile phone operator will provide complete telecommunication facilities for Etihad Crystal Cargo. Senior officials from both the sides were also present.

## Boeing offers services to new Russian aviation giant

AFP, Moscow

Russian transport minister Igor Levitin held talks with US aviation giant Boeing in Washington on Friday on possible cooperation with his country's newly formed state champion Unified Aircraft Building Corporation (UABC), Russia's state news agency reported.

"Those officials who deal with the development of relations in the aviation industry are currently holding negotiations," he said.

"At our meeting today with representatives of the business in Washington, Boeing offered its services in the development of

joint production," the minister told the RIA Novosti agency during an interview on Friday.

"On forming the United Aircraft Building Corporation we understand that we would need partners. This could be the American company Boeing, it might be the European company EADS," he said.

"Those officials who deal with the development of relations in the aviation industry are currently holding negotiations," he said.

UABC held its first board meeting in November, but its consolidation is ongoing.



PHOTO: BASHUNDHARA GROUP

The 'Annual Marketing & Sales Conference-2006' of Bashundhara Group was held recently in Tangail. Md Mustafizur Rahman, deputy managing director of the group, among others, was present at the meeting.

## Zimbabwe diamonds finding way into black market?

REUTERS, Johannesburg

Industry body The World Diamond Council is worried that gems from Zimbabwe may be finding their way into the black market, a violation of rules established to curb so-called conflict diamonds that fuel civil wars.

The diamond sector is making extra efforts to police itself amid fears jewelry sales will be hit by the release of the Hollywood film "Blood Diamond," which shows atrocities in African civil wars financed by illicit gems during the 1990s.

The New York-based council received reports that diamonds in Zimbabwe were being smuggled into neighboring South Africa, where they were being certified as legitimate and exported, WDC Chairman Eli Izhakoff told Reuters

late on Friday via e-mail.

Izhakoff, who was replying to written questions, said he sent a letter last month to the incoming chairman of the Kimberley Process, a watchdog body set up to stamp out conflict diamonds.

"Such illegal exportation presents a clear threat to the integrity of the legitimate export process as a whole," Izhakoff said in the letter dated December 15.

The Council said it had reports that rough diamonds from Zimbabwe's River Ranch mine and from the Marange district were being smuggled out of the country.

A legal consultant for River Ranch, which restarted mining in June 2006 under new ownership after going into voluntary liquidation in 1999, told Reuters on Saturday the firm denied its diamonds were being smuggled.

"I am a bit distressed at the World Diamond Council," retired judge George Smith said. "We have not sold any diamonds yet and Ministry of Mines officials are in the process of checking our security systems."

Illegal mining is rising in Zimbabwe as people grapple with an economic crisis that has seen inflation rise to over 1,000 percent, the highest in the world, and poverty levels soar.

Zimbabwe is a small diamond producer with official figures only available from Murowa, 78 percent owned by mining group Rio Tinto Plc and 22 percent by RioZim Ltd, listed on the Zimbabwe stock exchange.

Rio Tinto said that its share of output at Murowa was 148,000 carats during the first nine months of 2006.

The diamond industry worries that consumers will shun its luxury products after seeing "Blood Diamond," starring Leonardo DiCaprio and set during Sierra Leone's civil war, notorious for drug-crazed rebels who hacked limbs off women and children.

The Kimberley Process, under which governments issue certificates to legitimate diamond exports, has helped reduce illicit diamonds to less than one percent of the total, the diamond industry and activists say.

European Commission official Karel Kovanda, which took over the chair of the Kimberley Process on January 1, said in a letter dated December 22 in reply to Izhakoff that the matter would be investigated. Izhakoff provided his letter and the reply to Reuters.

## Taiwan regulator takes charge of failing banks

AFP, Taipei

Taiwan's financial regulator has taken charge of two failing private banks in quick succession, an unprecedented move intended to stabilise them.

The Financial Supervisory Commission took over The Chinese Bank on Saturday as depositors lost confidence in the indebted company and rushed to withdraw their money.

The commission said late Friday it had also taken over the loss-making Enterprise Bank of Hualien, which has more liabilities than assets.

Customers queued for hours



Perveen Rasheed (2-R), managing director of Social Marketing Company (SMC), Lynn Gorton (3-R), director (Population Health and Nutrition Team) of USAID, Dhaka, and Saleh Ahmed Choudhury (L), head of Sales of SMC, among others, are seen at the annual sales conference of the company for the fiscal year 2006 held recently in the capital.

The development hit the stockmarket, with Taiwan's benchmark index down 1.25 percent on Friday, dealers said.

China Hsin Food and Synthetic Fiber is burdened with 19.9 billion dollars in debt from its man-made fiber business.

China Rebar, an insurance, financing, broadband and TV shopping business, acts as a guarantor to China Hsin Food and Synthetic Fiber.

Local media said four other banks with low profits and a high number of non-performing loans were on the commission's watch list.