International Business News

ADB to back shorter-range projects

AFP, *Manila*

The Asian Development Bank will overhaul its lending operations and focus on projects with higher chances of success, the Manila-based lender said in a paper released Monday.

The move comes as the ADB faces mounting demands from major donor nations to overhaul its operations amid growing disillusionment with its perceived slow pace of reform.

These concerns have already prompted the United Kingdom to withdraw a commitment to provide more funds, citing a "lack of significant progress on the reform agenda."

Reform will be the key topic on the bank's agenda when its board of governors meet in Spain in May to approve the draft long-term strategic framework to 2020, which is expected to revise strategic priorities.

"It is clear that in the years ahead ADB will become a different institution in several important ways," said the bank, which says eradicating poverty in the world's most populous region still remains its principal goal.

Under the draft framework, "ADB will focus on a limited number of issues of crucial importance to the region and of primary concern to all of its members," the paper said.

"It will make deliberate decisions about the extent of its engagement and, for effectiveness reasons, commit major resources only to operational areas where results will be substantial within a reasonable period," it added.

The bank, formed in 1966 with Japan and the United States as its top subscribers, approved 7.4 billion dollars in loans and 242 million dollars of technical assistance in 2006.

However the bank, which has traditionally been headed by a Japanese nominee, has been criticised by its First World, Western members over its lack of focus and for the limited effectiveness of some bank-funded projects.

AFP

A file picture taken recently shows a gas station in the south-western French city of Toulouse. Oil prices struck a record high of 109.72 US dollars per barrel on Tuesday.

Tata Motors to raise $1b for expansion

AFP, *New Delhi*

India's Tata Motors, expected to clinch a deal soon to buy British luxury car brands Jaguar and Land Rover, said Tuesday it would raise up to one billion dollars to fund its expansion drive.

The announcement came as ailing US carmaker Ford was in talks with Tata Motors to sell the Jaguar and Land Rover marques in a deal analysts say would give the Indian firm a major technological boost.

The board of directors of Tata Motors "has in principle approved, subject to other approvals as may be required, raising of additional long-term resources up to 40 billion rupees (one billion dollars)," a company statement said.

"The company has major growth plans for expanding its position in the domestic and global markets in both the commercial vehicle and passenger vehicle business," company spokesman Debasis Ray said in the statement.

"This will be achieved by upgrading and enhancing the company's product portfolio, expanding manufacturing facilities in India and strategic acquisitions/alliances in India and abroad," he said.

Ford named Tata as the preferred bidder for the exclusive Jaguar and Land Rover marques in January.

"The acquisition opportunities will have to be financed upfront," Ray said. The funds "are being raised to part-finance overall funding requirements to meet some of the strategic plans."

Most ATM services become free in India

ANN/ THE STATESMAN

Much to the delight of ATM card users, the Reserve Bank of India on Monday removed all charges on using the cash vending machines, except for withdrawing money for which a maximum fee of Rs 20 has been prescribed.

Even the fee for cash withdrawal will be eventually abolished from 1 April 2009.

The banks, however, will have the freedom to fix charges for withdrawal of cash from ATMs through credit cards and from ATMs located abroad.

The ATM services have become free as the Reserve Bank of India, while issuing guidelines on charges for use of ATMs, has asked the banks to abolish with immediate effect all charges on services such as balance enquiry.

It implies that an ATM card holder would be able to withdraw cash from ATM maintained by any bank in the country free of cost with effect from 1 April.

The guidelines, which are being issued in pursuance of the approach paper on

ATM charges brought out by the RBI in December 2007, seek to abolish fee on cash withdrawal from ATMs from 1 April 2009.

During the intervening period, the banks have been allowed to charge a maximum ATM cash withdrawal fee of Rs 20, irrespective of the amount of withdrawal.

"The charge of Rs 20...will be all inclusive and no other charges will be levied to the customers under any other head irrespective of the amount of withdrawal," the apex bank said in a communication to all banks.

TELECOMMUNICATIONS

Funeral for 2G phones in Japan

AFP, *Tokyo*

Japanese stores took delivery of no second-generation mobile telephones in January for the first time since their launch as shipments of advanced handsets soared, an industry group said Tuesday.

Japan and South Korea are at the forefront of third-generation (3G) phones, which offer high-speed Internet access and other interactive features and have not even entered the market in many developing nations.

Manufacturers sent 4.08 million cellphones to Japanese stores in January, the Japan Electronics and Information Technology Industries Association said.

"For the first time, the number of second-generation models was zero," it said.

Japan becomes the second country to be virtually finished with second-generation following South Korea, according to Nomura Research.

Japanese stores continue to offer a small number of second-generation phones, but it is almost impossible for new users to start fresh subscriptions.

At the end of February, nearly 85 percent of Japanese mobile users were carrying third-generation or equivalent phones. Japan's top-ranked NTT DoCoMo Inc. in 2001 became the world's first company to offer 3G.

Despite the success in Japan and South Korea, 3G has caught on more slowly in other countries amid questions over whether customers will pay much steeper prices for features they could find on their home computer.

Third-generation or advanced second-generation accounts for about 50 percent of North American cellphones and 10 percent of Western European mobiles, according to industry surveys.

In Japan, mobile operators have increasingly written off second-generation phones as a source of profit and have been developing more advanced features to woo customers.

More than 60 percent of the phones delivered by manufacturers in January are equipped for digital television broadcasts.

Japan began digital broadcasts in 2006 that allow mobile phone users to watch several hours of interrupted television on their phones without recharging the battery.

"It's the third straight month that such phones make up more than half of the mobile phones," the industry association said.

Some 20 million Japanese now have phones to watch digital broadcasts, which major networks offer for free.

AFP

The robot-shaped phones -- equipped with a face characters on the screen -- will go on sale in Japanese market from April. Japan becomes the second country to be virtually finished with second-generation following South Korea, according to Nomura Research.

LABOUR MARKET

Picky Chinese workers spell end of cheap labour

REUTERS, *Fengqiu County, China*

For decades, China's massive workforce of factory hands and construction workers had little choice but to work long hours in often poor conditions for pitifully low salaries.

But a mushrooming of factories, even in the country's sluggish interior, mean that these days workers have more clout than ever when hunting for jobs. Wages are being pushed up and firms' margins are being squeezed.

"Companies are finding it harder and harder to get people," said Xue Guojie, visiting his parents' three-room farmhouse in Henan, a central province which is home to millions of migrant labourers who fan across China ever year.

Business might be booming in China but the workforce is shrinking as the "one child policy" generation -- products of a 1979 law banning couples from having more than one child -- enters the crucial 18-35 age bracket, the main workforce for factories.

Sporting a jean jacket and skateboarding shoes, Xue is a perfect example.

The 23-year-old air conditioner factory worker expects to receive a 100 yuan ($13.98) increase to his 1500 yuan monthly wage when he returns back to work after extending his Chinese New Year holiday by two weeks, something unheard of in the past.

"My boss would rather give me more than find and train someone new," Xue said.

It seems far-fetched that China's vast pool of workers in a population of 1.3 billion, nearly half of whom still live on farmland, could be drying up.

But a shrinking labour force at a time when factories are springing up across the country, including in dusty rural districts such as Fengjui County in central China, means that workers can afford to be more selective about where they work.

Most migrant labourers still head to coastal cities to find work, seeing their families once a year over the New Year festival and then rushing back to their jobs.

A growing number, though, are choosing jobs closer to home.

Droves of smaller factories have moved inland as the government, aiming to spread China's development more evenly, uses tax breaks and looser pollution controls to lure them to poorer central provinces, away from the traditional manufacturing heartland near Hong Kong.

A smaller workforce for more jobs in more locales translates into stiffer competition among businesses for new hires. Migrant workers' pay is increasing by as much as 15 percent a year from low single-digit growth a few years earlier, UBS economist Jonathan Anderson calculates.

China's poor hinterland has already despatched 130 million cooks, waiters, cleaners, builders and line workers across the country, according to the national agricultural census.

The remaining rural labour force of 530 million is about the number that economists think can earn a fair living off the land. In other words, the countryside no longer has vast reserves of hand-to-mouth farmers whose only hope is to move to a city.

"This village is just old people and children. Everyone else has already left," said Du Shicheng, 51, a farmer in Henan's Fengjiu county whose two adult children work at a mobile phone factory in the east.

Money sent back by the children allowed Du and his wife to build a two-storey home last year, though it is half empty as the bottom floor offers more than enough space for the two of them and one grandchild.

It is a story that rings true throughout the countryside. Migration has delivered as much as 50 percent of rural China's income through remittances but at the same time it has depleted villages and broken up families, explained Ran Tao, a rural expert at the Chinese Academy of Sciences.

Du said his village has an official population of 2,000 but only 1,500 people live there year round, and they are mostly at the grey-haired end of the spectrum.

The government, worried about an ageing population and diminishing workforce, is studying whether to slacken or even scrap its controversial one-child policy.

"We want incrementally to have this change," Vice Minister of the National Population and Family Planning Commission Zhao Baige said in late February. "This has become a big issue among decision makers."

And manufacturers have not been shy about voicing their displeasure about the higher wage bills.

Complaints have build to a fever pitch in the Pearl River Delta, China's manufacturing base in the south, where industry organisations warn that as many as 15,000 factories may close.

Most of these are smaller footwear and textile makers that have relied on cheap labour to corner the global market in low-value-added production.

"While overall Chinese light industrial margins have been surprisingly stable over the past few years, 2008 will likely mark the year manufacturers were finally forced to take a general hit on profitability," Anderson at UBS noted.

Margins will be less of a concern, though, for makers of computer chips, airplane parts and other more sophisticated goods, as they have benefited from a dramatic rise in Chinese labour productivity over the past decade.

Increases in labour skills have far outstripped increases in pay, so higher wages now represent basic catch-up for workers, Stephen Green, economist at Standard Chartered, wrote in a recent report.

And China remains relatively inexpensive, with wages 25 percent below those in Maxico, for example.

"China will still retain much of its competitive wage edge over the next five years," he said.

But there are also clear signs that economic power within China, for years massively tilted towards employers, is slowly shifting in the direction of workers.

The labour ministry in the southern province of Guangdong said last week that 11 percent of migrants had not returned after the New Year in early February, leaving businesses scrambling to fill positions.

Workers have also gained more of a voice, often through activists lawyers, in fighting for back pay and challenging abusive conditions or the litany of other contract violations that are rife in Chinese factories.

The changing landscape is laid bare at a Zhengzhou job fair where local inland factories and firms from the country's industrialised coastal areas compete for workers.

Factories based in the home province of Henan are the main attraction for the crowds of job seekers including Zhang Shilei, a 23-year-old who earned 2000 yuan a month as a machinery designer in Guangzhou last year.

"Wages here (inland) are definitely lower than in the south but the difference is not huge and the cost of living is much higher there," said Zhang.

AFP

Construction workers walk past high-rise commercial buildings in Beijing on March 9, 2008. China's labour minister admitted on March 9 that the booming economy faced a 'very severe' unemployment situation as millions of new jobseekers join the market every year as more than half of foreign manufacturers in China believe the Asian giant is losing its competitive edge to other low-cost countries like Vietnam or India, while the country's massive workforce also spell end of cheap labour.