

International Business News

India, Iran closer to gas pipeline deal

XINHUA, New Delhi
New Delhi and Tehran have inched closer to the Iran-Pakistan-India gas pipeline deal with both sides optimistic of an early conclusion to the negotiations.

Indian Prime Minister Manmohan Singh held a three hours talk with visiting Iranian President Mahmoud Ahmadinejad on the Iran-Pakistan-India pipeline deal yesterday evening.

At a news conference later, Ahmadinejad described the discussions as positive and hoped that the deal would be finalised in the "near future."

Indian Foreign Secretary Shivshankar Menon reaffirmed Ahmadinejad's optimism but warned that a long road lay ahead to ensure that the project was commercially viable, financially acceptable to India and all security concerns were taken care of.

"We think it is doable," Menon said after three hours of talks between Ahmadinejad and Singh, adding that a "lot of work" was required.

On the nuclear issue, Ahmadinejad said the "bullying" by some western countries was primarily meant to prevent other countries from developing their own expertise to generate nuclear power.

Cambodian farmers to benefit from global food crisis: PM

AFP, Phnom Penh
Cambodian Prime Minister Hun Sen on Wednesday appealed to the country's farmers to start growing rice and other crops, saying most of the population would benefit from the global food crisis.

"The food crisis in the world, instead, offers an opportunity for Cambodian farmers although citizens complain about the soaring price of rice," Hun Sen said during a ceremony some 50 kilometres (31 miles) north of Phnom Penh.

"But in return, some 80 percent (of the population) who are farmers benefit from this. Now the opportunity for our Cambodian farmers has arrived," he said.

Hun Sen said rain had fallen over most of the country and appealed to farmers to rush to grow a variety of food crops, including rice.

"Now the rainy season has started," he said. "Now the world has a big crisis, so please, our farmers start growing the crops, including rice, corn and beans. All the crops have a market now," the premier said.

Oil prices steady

AFP, Singapore
World oil prices held steady in Asian trade on Wednesday ahead of an expected US Federal Reserve interest rate cut.

In afternoon trade, New York's main oil futures contract, light sweet crude for June delivery, was three cents lower at 115.60 dollars per barrel.

The contract slid 3.12 dollars on Tuesday at the New York Mercantile Exchange.

Brent North Sea crude for June delivery fell one cent to 113.42 dollars a barrel, after settling at 113.43 dollars on Tuesday.

The contract had slipped by 3.31 dollars at the close of trading in London on Tuesday.

Analysts said the sharp falls stemmed in part from the end of a two-day strike at Scotland's Grangemouth refinery. The strike had led to the closure of the Forties North Sea pipeline, which supplies 40 percent of Britain's oil and gas.

The near-term movement of prices will now depend on the statement issued by the Fed "alongside its expected move to cut interest rates," said David Moore, a commodity strategist at the Commonwealth Bank of Australia in Sydney.

"The market might hypothetically open up to possibilities of further interest rate cuts... and the US dollar might come under pressure, which will benefit oil prices," he said.



Mumbai, INDIA : Chairman of India's Reliance Dhirubhai Anil Ambani Group (ADAG) Anil Ambani gestures as he addresses a press conference in Mumbai yesterday to announce the fourth quarter results of his company's flagship telecom firm Reliance Communications. The company showed a net profit of 15.03 billion Indian Rupees (374 million dollars) for the three months ended March 31 this year, up from 10.24 billion rupees a year earlier.

Toyota says investing up to \$100m in jet project

AFP, Tokyo
Japan's top carmaker Toyota said Wednesday it would invest up to 10 billion yen (96 million dollars) in a project to develop and market the country's first ever passenger jet.

Toyota Motor Corp., widely expected this year to surpass General Motors as the world's top automaker, said it was making the investment in Mitsubishi Aircraft Corp., a wholly owned new unit of Mitsubishi Heavy Industries.

"In response to a request from Mitsubishi Heavy Industries Ltd., we have decided to accept up to 10 billion yen worth of increased shares planned by Mitsubishi Aircraft Corp. through a third-party allocation," the statement said.

Toyota is following the ranks of Japan's second-ranked automaker, Honda Motor Co., in expanding its business interests into aviation.

AD INDUSTRY

Global brands battle for local market

SAYEDA AKTER

You can't miss them. Ten foot high coloured plastic shampoo bottles have been sprouting up at road junctions and prime points throughout the country as part of one of the largest advertising campaigns the country has ever seen.

And if by any chance you do avoid the dummy yellow, orange, black and blue bottles of Sunsilk shampoo, there are always the more than half a million billboards, the newspaper adverts, and radio and TV spots, all imploring women to use the product under the slogan, 'Life can't wait.'

Bangladesh is not alone in being subjected to the blitz of shampoo bottles, from Latin America to Thailand, Unilever, the multinational behind Sunsilk, has relaunched the brand in 15 countries.

Yet, while a decade or so ago Bangladesh may have been seen as an afterthought in such a campaign, the sustained period of economic growth has turned the country into a valuable market for multinationals, with customers they are prepared to battle for.

Aly Zaker, managing director of Asiatic JWT, said the market started growing in the late '80s, when the open market economy became established and people began to have a little cash to spare to spend on non essential products.

"Then it was fueled by the fast moving consumer goods sector FMCGs, items such as shampoo and toothpaste. Producers started targeting people from all classes, even the poor rural women," said Aly.

He said FMCG producers then started selling shampoo and toothpaste in mini sachets, a move that stimulated the advertising market by introducing competition between companies.

"The idea of consumerism had started in Bangladesh and this caused the growth of the ad market," said Aly, adding that the criteria of consumerism is a demand for non essential goods supported by enough money in the pocket to buy them, as well as a competition by producers to reach the consumers.



Giant dummy bottles of Sunsilk shampoo are on display in Dhaka.



A successful campaign for Nokia. The "Lost in Translation" campaign targeted the local people using common rhetoric to promote Nokia handset. The ad slogan reads: 'If you don't have it you will regret.'

Since the mid 90s the speed of growth has picked up with an advertising market worth around Tk150 crore in 1996-97, now estimated to be worth between Tk 1000-1200 crore a year.

In the past few years the power of competition in driving the advertising market has been best demonstrated by the country's mobile phone operators who are now by far the country's largest advertising spenders. According to research published in the magazine of Bangladesh Brand Forum, last year five of

the top six advertisers were mobile operators with Grameenphone the country's largest spender.

"As the telecom market expanded in recent years and competition with other operators increases day by day, Grameenphone has to spend more on adverts," said Talat Kamal, Grameenphone's communication manager.

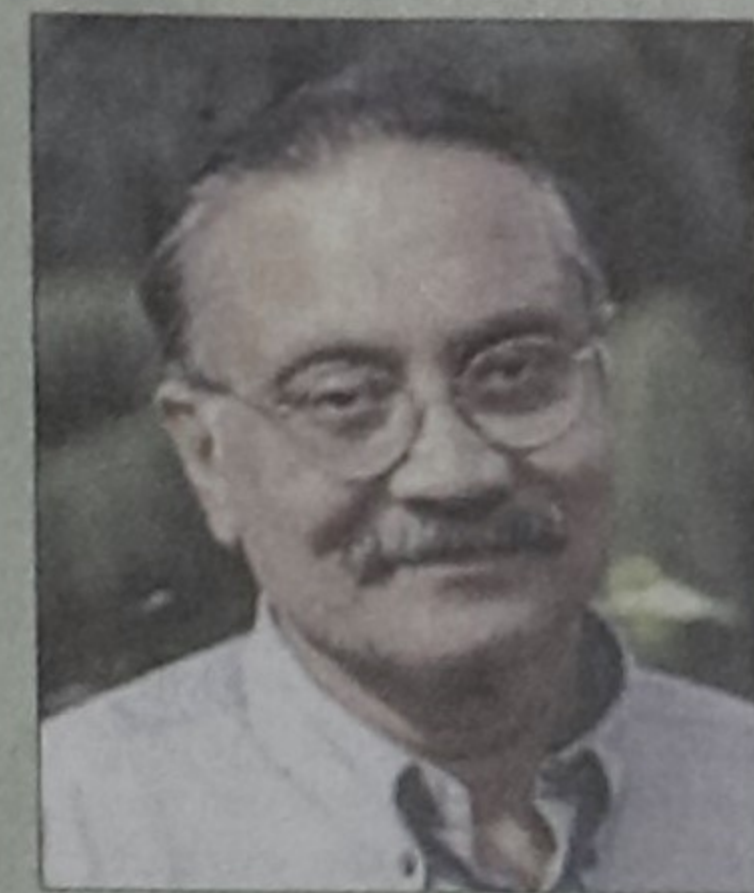
Such growth has not gone unnoticed outside of the country and international ad agencies have been eager to enter the market, either by opening branches or affiliating with

local agencies.

For example in March Ogilvy and Mather, a high profile international ad agency, merged with local agency Marka and started direct operations in the country.

"As the Bangladeshi market has grown in recent years, with its huge population, we were very keen to start operating in the market," said Miles Young, chairman of Ogilvy and Mather.

Fahima Choudhury, managing partner of Ogilvy and Mather Communications, said



Aly Zaker, MD of Asiatic JWT



Gousul Shaon, GM of Grey Dhaka



Ashraf Kaiser, CEO of Benchmark

the same time the local agencies are getting multinational clients.

Kaiser also said Benchmark will become a global partner of New York-based international ad agency TBWA this month.

But it is not just in size that the Bangladeshi market has developed. The country is now producing talented professionals able to hold their own on the international stage.

Grey Dhaka, a global partner of Grey international, won an Asia Pacific Effie award, in February for its successful campaign for Nokia, the world's number one mobile handset maker.

The "Lost in Translation" campaign targeted the local people using common rhetoric to promote low priced handsets with a Bengali keypad.

"We tried to campaign in local voice with the insight of a true Bengali at heart," said Gousul Alam Shaon, General Manager of Grey.

"Getting a prestigious award and bringing success to the country, is really inspiring," he added.

There have been other examples of attempts to promote international brands using a local voice, such as Close Up toothpaste, Wheel soap and Coca Cola. The Coca Cola ad was made in Dhaka's traditional local accent, popular at the time. Most recently multinational GSK used a local campaign for its malted health drink, Boost.

But not all multinationals are so keen to adapt, fearing that different campaigns in different countries could corrupt the value of a global brand. There are also clear economies of scale in using the same material in several markets.

In marked contrast to the Nokia adverts, Sunsilk's campaign is now running across three continents with only slight variations. For example in South Asia Bollywood star Priyanka Chopra replaces Colombian singer Shakira as one of the brand icons.

In other words you will have to travel a long, long way to escape those ten foot high plastic bottles.

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FOOD CRISIS

'Biofuels frenzy' fuels global food crisis

AFP, Washington

A "biofuels frenzy" and other misguided policies have led to the global food crisis in which prices have soared and rice consumption has outpaced production, threatening a billion people with malnutrition, experts said Tuesday.

International agriculture researchers warned that farmers will need to double global food production by 2030 to meet rising demand, and said countries should impose a moratorium on grain-based ethanol and biodiesel to rein in skyrocketing prices for corn, rice, soybeans and wheat.

"For the first time, it's been clear that we are consuming more rice than we are producing globally," said Robert Zeigler, head of the Philippines-based International Rice Research Institute, blaming population and economic growth.

"That is eventually unsustainable," he told reporters.

Joachim von Braun, director of the US-based International Food Policy Research Institute, cited "major policy failures" at the core of the crisis, in which recent price spikes have led to food riots, threats of starvation, and United Nations calls to lift export bans.

A key blunder was the ill-conceived response to high energy prices by promoting biofuels, experts said.

"We're all familiar with the biofuels frenzy that has distorted grain markets," said Zeigler.

He and von Braun both said they support a moratorium on grain-based biofuels but not on sugar cane-based fuels.

"If a moratorium on biofuels would be issued in 2008, we could expect a price decline of maize by about 20 percent and for wheat by about 10 percent in 2009 and 2010," von Braun said.

Billions of dollars have been poured into developing ethanol and biodiesel to help

wean rich economies from their addiction to carbon-belching fossil fuels, the overwhelming source of man-made global warming.

Heading the rush are the United States, Brazil and Canada, which are eagerly transforming corn, soybeans and sugar cane into cleaner-burning fuel.

Some lawmakers have soured on the policies, with US Senator Kay Bailey Hutchison urging Congress to "reform its 'food-to-fuel' policies."

"Nearly all our (US) domestic corn and grain supply is needed to meet this mandate, robbing the world of one of its most important sources of food," said Hutchison, a Republican from Texas, in a statement on her website.

But Brazilian President Luiz Inacio Lula da Silva on Tuesday dismissed as an "absurd distortion" suggestions that the global food crisis has been caused by the boom in crops dedicated to

ethanol production.

His remarks came as Brazilian officials forecast record sugar cane crops and ethanol production for 2008.

Experts meanwhile said another policy failure has been the imposition of export bans.

"More and more countries have closed their borders and thereby narrowed the international markets," von Braun said, citing as an example number-two rice exporter Vietnam, which has stopped new rice export contracts until late June despite a bumper harvest.

Zeigler said the crisis could cause 100 million people to slip back into poverty, while von Braun warned that high prices could force many more to limit food consumption, leading to drastic malnutrition particularly among children.

"The nutrition situation of the bottom billion of the world population is at risk when they are not shielded

from these price rises," von Braun said.

Carlos Sere, who heads the International Livestock Research Institute, said a dramatic production boost is necessary to avoid a deeper crisis.

"We need to produce twice the volume of food by 2030, plus meet the challenge of fuel," Sere said, adding that new funding in research and development of resistant, higher-yield crop strains is critical.

Experts said current average annual yield increases of one to two percent are far below the three to five percent needed over the next 15 to 20 years.

"People felt the global food crisis was solved," Zeigler recalled, referring to technology breakthroughs that boosted yields in the 1970s and 1980s, "and it really fell off the agenda of funding agencies."

"Obviously it was an extremely short-sighted view of the world."



The "conversion kit" which allows Mercedes Benz to run on straight vegetable oil or filtered waste vegetable oil. A "biofuels frenzy," and other misguided policies have led to the global food crisis.