

International Business News

WTO to hold informal ministerial meeting in June

AFP, Geneva

The World Trade Organisation said Tuesday that ministers will hold an informal meeting on the Doha negotiations in Paris next month on the fringes of a summit of the Organisation for Economic Cooperation and Development.

The Australian embassy in Paris will host the meeting, at which WTO Director General Pascal Lamy will be present, a WTO spokeswoman told AFP.

Around 20 ministers are also expected to be present, she added.

The WTO's Doha round of talks to reduce trade barriers was launched in the Qatari capital in November 2001 with the aim of reaching a deal by 2004.

It has foundered ever since, mainly over disputes between developed and developing countries on agricultural subsidies and industrial tariffs.

Lamy had initially hoped to bring ministers to Geneva over Easter to decide on "modalities" -- the key numbers for tariff cuts that would form the basis for any comprehensive deal.

Iran sees gas pipeline deal with India, Pakistan by mid-year

AFP, New Delhi

Iran's ambassador to New Delhi said Tehran hopes to finalise a gas pipeline deal with India and Pakistan by mid-year, in an interview released on Wednesday.

The 7.5-billion-dollar project which aims to transport natural gas from Iranian oilfields to Pakistan and India was discussed during a visit to India last month by Iranian President Mahmoud Ahmadinejad.

"It is hoped the trilateral agreement will be signed by the middle of summer this year," Iran's ambassador to India Sayed Mahdi Nabizadeh was quoted as saying in an interview in the latest issue of India's Hardnews magazine.

The project was first mooted in 1994 but has been stalled by a series of disputes over prices and transit fees.

Maldives to offer 11 new islands for resort development

AFP, Colombo

The Indian Ocean island of the Maldives plans to open 11 new islands to foreign investors to develop upmarket tourist resorts, an official said Wednesday.

The new resorts, some to be built on reclaimed land, will add to the 33 resort islands currently under development, the island's Planning Ministry executive director Mohamed Shareef told AFP by telephone.

"The government wants to build resorts on the outskirts of some of the highly populated islands, to bring tourism development closer to the local communities," Shareef said.

Potential investors also win the right to 100 hectares of coral reef, from which they can reclaim up to 15 hectares for additional resort land.



AFP

Indonesian police guard as poor residents take part in a demonstration in front of the presidential palace in Jakarta yesterday. Several hundreds of poor residents of the capital took to the street demanding that the government secure a better wage for poor citizens.

Australian economic slowdown looming: Survey

AFP, Sydney

Australia's economy faces an "abrupt slowdown" as domestic demand slows under pressure from high interest rates and rising food and fuel costs, according to a survey released Wednesday.

The monthly Westpac-Melbourne Institute leading index, which indicates the likely pace of economic activity three to nine months into the future, was 3.3 percent in March, well down on its 4.4 percent long-term average.

Westpac senior economist Matthew Hassan said the reading was consistent with a sharp fall in domestic demand in 2008 and 2009.

"The leading index continues to point to an abrupt slowdown in economic activity," he said.

Oil prices slip under \$127

AFP, London

Oil prices slipped back under 127 dollars on Wednesday, falling further from record highs amid concern about the strength of US energy demand while traders digested Indonesia's exit from Opec.

New York's main oil futures contract, light sweet crude for July delivery, lost 1.87 dollars to 126.98 dollars, after shedding more than three dollars on Tuesday.

Brent North Sea crude for July sank 1.46 dollars to 126.85 dollars, after losing four dollars on Tuesday.

Both contracts had hit historic peaks last week, with Brent at 135.14 dollars and New York at 135.09 dollars on Thursday before sliding as many traders cashed in their gains.

INFORMATION TECHNOLOGY

Home-grown search engine challenges Google in S Korea

AFP, Seongnam, South Korea

In one of the world's most wired societies, South Koreans seldom "Google" a topic.

Instead they "Naver" it, thanks to a real-time question-and-answer system involving tens of thousands of daily responses from the general public.

The world's top search engine accounts for less than three percent of all Internet searches here, according to a research firm, compared to 76 percent for Naver.com.

NHN (Next Human Network), the company that runs Naver, attributes its success to a grassroots product tailored to Korean society.

"NHN shows not only web-based texts but also various other types of content about news, blogs, online communities, books, shopping, dictionaries and even weather -- all one by one," NHN spokesman Yun Won-Sik said at his office in Seongnam, a city south of Seoul.

"NHN has been blended well into the Korean culture where people like seeing various types of content in a neat manner at one single viewing."

The company says Naver -- named after "navigator" -- averages 12 million visitors a day, with 130 million queries keyed every 24 hours.

Its most successful feature is the question-and-answer database service, Yun told AFP.

Introduced in 2002, the "Jishik (knowledge) iN" platform has become a huge hit. "It was a breakthrough, through which Naver has since maintained its lead in the industry," Yun said.

"Like Wikipedia, it is a participatory service where ordinary people can post what

they know on the web, ask questions and answer them online."

Questions range from trivia, such as what causes bad breath or which is the best MP3 player, to weighty enquiries about the impact of the subprime mortgage crisis or North Korea's nuclear development on the economy.

Each question promptly gets answers, sometimes from jokers but also from people with expert knowledge.

Each day Naver users ask around 50,000 questions through the interactive service and receive about 120,000 answers ranging from short sentences to mid-sized essays and lengthy theses.

User-generated data now totals around 92 million queries -- an exclusive treasure source for Naver.

When users "Naver" a topic, the search engine brings up items from its exclusive "Jishik iN" database as well as widely-shared news and other sites.

Kim Seung-II, 41, is typical of the people happy to share his grassroots expertise. The director of Seoul-based building cleaning company Goam has been known as "Dr Cleaning" among Naver users since 2003.

At his apartment in Paju, a city north of Seoul, Kim was busy posting answers to questions about cleaning techniques. At one time, he said, he was posting 600 to 700 answers a week.

"One of the trivial but frequent questions raised by housewives is how to remove stains on bathroom tiles. I have been in a cleaning job for 20 years and have been able to share the knowledge earned from my work with others."

Kim's reward is the many messages of thanks he

receives. But he also admits having become "addicted to fun" which Naver has created to lure users.

Naver, which is linked to leading Internet gaming site Hangame, adopts an interactive grading system for online answers. Users can grade these according to their usefulness. An "honour intellectual" title is regularly awarded to the best answers.

"It was fun to see my answers going all the way up to the highest rank... that's how I started it," Kim said.

"I also felt so great when some people sent me individual online messages or e-mails to express appreciation for my answers, or even ask me one-on-one questions."

Naver's realtime question-and-answer service later spread to almost all other rival portals.

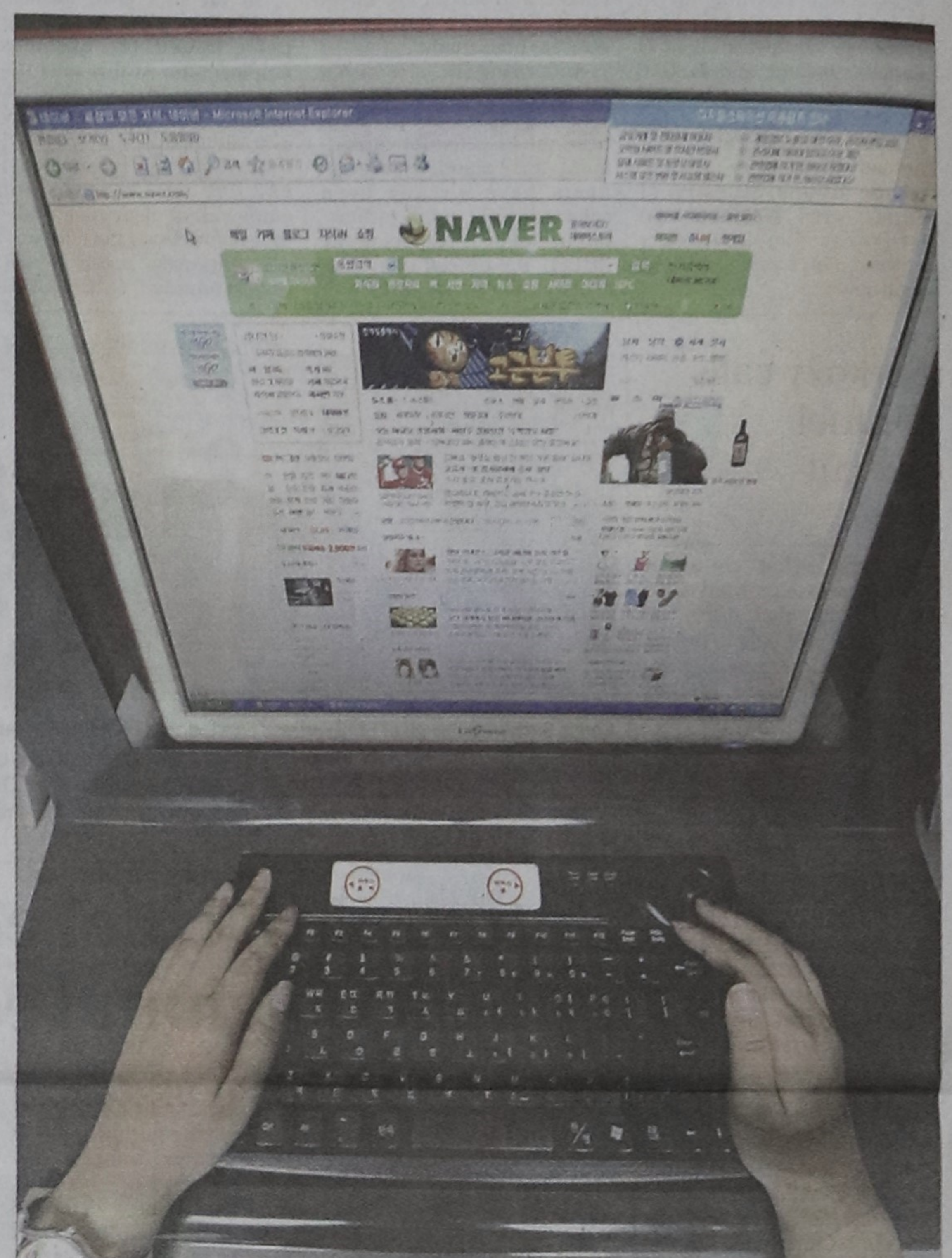
Market researcher KoreanClick reported that in April Naver handled 76.2 percent of all Internet searches in South Korea, while other local portals Daum.net and Empas.com had 11.6 and 4.3 percent each.

Google's English (Google.com) and Korean (Google.co.kr) accounted for a combined 2.7 percent last month, it said.

NHN, which employs 2,300 people, is South Korea's most profitable Internet firm. It posted 280 billion won (276 million dollars) in net profit on sales of 920 billion won in 2007.

In the first quarter to March NHN's revenue jumped 48 percent year-on-year to 295.3 billion, with net profit rising 42 percent to 88.4 billion won.

Naver, which sells advertisements and commercial web links, accounts for more than half of NHN's total revenue.



AFP

A South Korean pedestrian uses a home-grown search engine through a public computer set up at a subway station in Seoul on May 26, 2008. Despite Google's presence in South Korea, over 70 percent of domestic web searchers use local internet portal Naver.com.

COLUMN

ASIF ANWAR

Consumer credit ratings, long overdue

Online shopping is growing rapidly in most developing and developed countries. It has revolutionised shopping as a consumer can compare products from a variety of vendors, without even having to leave his/her home. Products sold online are usually cheaper and when you consider savings in terms of transport-related costs and time, it is easy to see why online shopping is so popular, especially during holiday seasons.

For the seller, the main benefit is the huge reduction in costs and the ability to reach a wider customer base. In addition, setting up an online business is quick and easy compared to a real shop. Unfortunately, consumers in Bangladesh are yet to enjoy the benefits of web shopping due to restrictions on Internet payment by the central bank. Yet even if the restrictions were to be withdrawn, net business is not likely to zoom off the ground for reasons beyond the bar on net transactions by the Bangladesh Bank.

The basis of online shopping is the ability of the merchant to secure payment electronically, or e-payment. That is, payment by credit card, verified online for authentic-



In the world of online shopping, anyone with access to the internet are welcome to browse, but one needs a credit card to actually buy anything.

ity, and routed through a gateway to the recipient. Just having access to the internet is like "window shopping" in the real world when the desire and willingness to purchase are there, but not the ability or means to pay for it. In the world of internet shopping, anyone with access to the internet are welcome to browse, but you need a credit

card to actually buy anything.

Bangladesh has a growing number of internet users, but only a few of them have access to credit, and even fewer have credit cards. This is due to a low level of penetration of credit cards. Although the number of credit cards issued has increased over the years, it has not improved this penetration level significantly as a large

percentage of the new cards were issued to existing cardholders.

The sequential growth in the number of credit cards issued to new customers has been negligible due to the absence of "consumer credit reports" in Bangladesh. Financial institutions are reluctant to issue credit cards to new customers without any information that would enable them to ascertain the credit worthiness of the applicant.

The business of consumer credit is massive, and in a country of 150 million people, it holds tremendous potential for the financial services and the information technology sectors. A consumer credit reporting agency or a credit bureau provides a credit report (called a consumer credit report or consumer credit score) on individuals that have some level of financial transactions within the formal system.

The main purpose of a credit report is to give a lender access to information regarding an applicants payment history and/or credit worthiness. It is something very similar to the CIB report by Bangladesh Bank, but expands the recordkeeping of transactions beyond financial institu-

tions and includes most monetary transactions of a consumer including utility payments, cell phone payments, store credit card payments, etc. It could also include personal information like recent addresses and length of stay, past employment and earnings, etc. These reports are continuously updated, and sometimes quantified using risk/credit analysis models, to give financial institutions and lenders a benchmark for assessing the credit risk of an applicant.

In advanced economies, consumer credit reports are available online, allowing a lender or a merchant to make an instant approval of credit to close a sale to a customer on the spot. The ability to access credit instantly has significant effect (positive) on consumer spending habit. As a result, growth in consumer credit works as a catalyst to economic growth. An increase in consumer credit has a "multiplier" effect on GDP growth since it positively influences almost every sector of the economy.

It is essential for an economy to have at least one, if not a few, fully operational and reliable consumer credit reporting agency to stimulate economic growth through

private spending. It is not uncommon to find several credit reporting agencies competing within a single economy. Unfortunately, there is a not a single credit reporting agency to cover the massive and growing credit-worthy middle-class citizens in this country. There is a corporate credit rating agency (CRISL) that provides credit information on selective companies. The companies that are covered by CRISL are definitely credit worthy to a certain extent and most, if not all, have publicly available financial information given in their listing with the stock exchanges.

The time to establish a private/semi-private consumer credit reporting agency has long gone and we will miss the e-commerce boat completely if we wait even longer. It will be a gigantic task to cover a significant portion of the eligible consumers from the 150 million citizens, but once done, the economy will continue to reap the rewards far into the future!

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