

International Business News

TELECOMMUNICATION

India's Ambani brothers slug it out in telecom row

AFP, New Delhi

India's billionaire Ambani brothers are battling again -- this time over a blockbuster deal being negotiated by the younger sibling Anil to create an emerging-market telecoms behemoth.

The long-simmering feud flared anew last week when older brother Mukesh Ambani, head of Reliance Industries Ltd, India's biggest private firm, told South African telecom giant MTN he had first right of refusal to buy a controlling stake in Anil's Reliance Communications.

Reliance Communications entered exclusive talks in late May to combine with MTN to build a telecoms giant that would reach from Asia to Africa to the Middle East with a market capitalisation of up to 70 billion dollars.

MTN, Africa's largest mobile operator, says it is still going ahead with the talks. "Nothing has changed. We are still having talks," MTN spokeswoman Nozipho January-Bardill said.

"Talks are on track -- in fact they are progressing well," said a Reliance Communications official.

But legal experts say the row, which hinges on a settlement deal involving the carve-up of the Reliance empire after the 2002 death of the brothers' wheeler-dealer father Dhirubhai Ambani, could throw a spanner in the works.

On Saturday, Anil threatened legal action against his brother if he tries to block the deal, a Reliance Communications source said, as the battle in India's richest family heated up.

If Reliance Industries Ltd (RIL) "chooses to take any legal



South African telecom giant MTN on Saturday said that it was still pursuing merger talks with Reliance Communications amid a family feud over who has the first right to buy the Indian cellular operator. The statement came after billionaire Mukesh Ambani (R), 51, head of Reliance Industries Ltd (RIL) asserted he had first right of refusal to purchase his estranged younger brother Anil Ambani's (L) controlling stake in Reliance Communications.

action, the same will be vigorously defended by Reliance Communications, and Reliance Communications will claim costs and damages from RIL," the source said.

RIL insists a 2006 pact stipulates a decision on a majority stake sale in any of the companies belonging to the original group can only be taken after consultations with parties

involved in the settlement. "We feel we have a very strong and sound legal case," said a Reliance source.

Reliance Communications, flagship of Anil's group, has accused RIL of seeking to "disrupt creation of one of the world's most valuable communications companies."

The brothers appeared to work well together when their

father was alive but relations started souring after they inherited the oil-to-communications empire in 2002 from Dhirubhai, who started out as a petrol pump attendant.

The discord between the stockily built Mukesh and the athletic Anil, who is a vegetarian teetotaler, came to a head in 2004.

The trigger came after Mukesh, known as a stickler for detail with a head for executing large projects, had the RIL board pass a motion telling all directors, including Anil, to report to him, saying it was his father's wish.

Anil, who had always been the more outgoing, appearing frequently on society pages and jogging along Mumbai's

waterfront, fought back in what turned into a mud-slinging corporate soap opera.

The only thing the brothers agreed on was their reverence for the Ambani family matriarch Kokilaben, and they asked her to broker a deal which brought a temporary fraternal ceasefire and the carve-up of the Reliance conglomerate.

Mukesh kept the oil, gas and petrochemicals businesses of the group flagship Reliance Industries. Anil got Reliance Energy, one of India's biggest power utility firms, the phone company which is his group's flagship, and finance arm Reliance Capital.

But the deal did not bring harmony and even though the brothers still live in the same 18-storey mansion in the ritzy south Mumbai area, they rarely speak, according to those who know them.

Mukesh, listed by Forbes as the world's fifth richest person with a net worth of 43 billion dollars, and Anil ranked sixth with 42 billion dollars, have been competing to outdo each other since their father's death, observers say.

In fact, the last time the two US-educated brothers seemed truly united was at their father's funeral pyre in 2002 where they stood grieving side by side, they say.

Lawyers believe their latest row could result in a protracted court battle.

In any family settlement, the first right of refusal is a standard insertion and "if the clause is there in the Ambani brothers' agreement, then Mukesh has a strong case," Som Mandal, a New Delhi-based corporate lawyer, told India's Business Standard.

Philippines may sell oil stake to help poor

AFP, Manila

The Philippine government is considering selling its remaining 40 percent stake in oil refiner Petron to raise money to help the poor, Finance Secretary Margarito Teves said Tuesday.

"We hope to raise 30 billion pesos (678 million dollars) from privatisation this year," Teves said in a statement.

He said Petron, the country's largest oil refiner, and PNOC-EC, the oil exploration arm of the government's Philippine National Oil Company (PNOC), had not been part of the state assets planned to be privatised.

"However we are looking at the possibility of selling these assets should we need more resources to help the poor cope with rising oil and food prices," Teves said.

The government has been offering subsidies to help the poor in the payment of electrical bills and fuel. However critics say this system will have only minimal benefits for the neediest.

SKorean strike halts trade worth almost five billion dollars

AFP, Seoul

Export-dependent South Korea said Tuesday that a strike by container truck drivers in protest at soaring fuel prices has disrupted international trade worth almost five billion dollars.

The stoppage by more than 13,000 drivers, in its fifth day Tuesday, has crippled major ports and inland cargo terminals where containers are stacking up.

The Ministry of Knowledge Economy said the strike had affected exports worth 2.31 billion dollars and imports worth 2.43 billion as of late Monday.

More than 23,000 construction drivers -- largely those who drive dump trucks, bulldozers and concrete mixer lorries -- have also downed tools since Monday -- also in protest at rising fuel prices.

Australia, EU to hold talks on 'open skies' aviation pact

AFP, Sydney

Australia and the EU will next month launch talks on forging a historic "open skies" aviation pact that could remove restrictions on flights between the two continents, a minister said Tuesday.

Australia's Transport Minister Anthony Albanese said he would travel to Europe in July after European Union transport ministers last week approved a mandate for the European Commission to negotiate with Canberra.

"I welcome this decision as an important step towards a historic open skies agreement which could deliver greater competition, more flights and lower air fares between Australia and EU countries," Albanese said in a statement.



AFP

A Chinese worker tends to apple trees planted on the outskirts of Beijing to help reduce desertification and the possibility of future sandstorms that regularly affect the city. Chinese authorities will predict the degree of pollution in Olympic venues three days in advance, in the latest attempt to calm environmental concerns ahead of the games.

Uganda says no plans to export crude oil

AFP, Kampala

Uganda President Yoweri Museveni on Monday ruled out exporting crude oil and instead invited foreign firms to set up refineries in Africa's newest oil producer.

"Uganda will not export any crude oil. We must drill it and process it before exporting it. If any one wants to help us develop, they should come and set up a refinery here," Museveni told the 12th Organisation of Islamic Conference's (OIC) Business Forum here.

Museveni said countries like top oil producer Saudi Arabia were losing out because value addition to its oil was done in refineries in the importing nations.

"Like much of Africa donating a lot of earnings to Europe by exporting her raw materials, so is Saudi Arabia donating crude oil, because European importers are the one gaining more after the refinery process."

Nokia launches new phones

AFP, Singapore

Finnish telecom giant Nokia has launched two new email-capable handsets for business users and vowed to defend its position as the world's leading mobile phone maker.

Nokia said the E71 and E66 were pre-loaded with Microsoft's popular email programme and would cater to business professionals who want easy and instant access to their messages.

"With the E series, we want to serve people who are passionate about their work," said Chris Carr, Nokia's vice president for regional sales, at a launch in Singapore late Monday.

The two phones would be available in July and support email accounts from key Internet service providers such as Yahoo! and Google's Gmail, the firm said.

AFP, Singapore

Lower costs are drawing more and more users to access the Internet via their mobiles, and opening up opportunities for advertisers, industry players said Tuesday.

Flat rates for data are becoming increasingly common, and mobile devices for accessing Internet content are more widely available, said Andre Levisse, of management consulting firm McKinsey and Company.

"It becomes cheaper and cheaper to just get one megabyte of data and that enables, probably, some change in the user behaviour," he said during a panel discussion at the start of the CommunicAsia conference in Singapore.

The event bills itself as the region's leading information and communications technology conference and exhibition.

Richard Tan, business director of Telkomsel Indonesia, agreed data plan prices have been dropping.

"I think connectivity is now more affordable," Tan said.

Personal computers are too expensive for users in many markets, said Niren Hiro, vice-president of business development with Admob, a mobile advertising marketplace.

"So I think generally there are going to be a lot of first-time users who go to their phone for

While the industry tries to offer more entertainment options and easier access, there is great potential for mobile advertising growth.

content," he said.

Internet-capable handsets have also become cheaper.

"Many people can afford good handsets that can really browse the Web," said Levisse, adding that even second-hand 3G models are now available in the region.

On the eve of the conference, Finnish telecom giant Nokia launched two new email-capable handsets for business users, and South Korea's Samsung unveiled its latest smart phone, a touch-screen model.

Last week Apple unveiled its touch-screen-activated 3G iPhone built for high-speed wireless networks, with faster Internet access and more features for users than its previous iPhone.

"I know that there's been disappointments in the past" over digital content, said Mauro Montanaro, chief executive

officer of Jamba, a global provider of mobile entertainment including music, videos and games.

"The key problem today is most of the users do not know about the services on content," he added. "Our challenge is marketing."

Montanaro, whose company is part of Rupert Murdoch's News Corp., added that mobile content from big media companies "has been lacking so far."

David Ko, vice president of Yahoo! Connected Life, Asia Pacific, said more work needs to be done on developing an "open platform" that would allow publishers to write content for different operating systems and different browsers.

Yahoo! has focussed on making mobile Internet searches easier through its oneSearch service, Ko said.

On Tuesday the company launched in Singapore and India oneSearch with voice, allowing English-speakers to search by speaking into BlackBerry mobile devices.

While the industry tries to offer more entertainment options and easier access, there is great potential for mobile advertising growth, the panelists said.

"Mobile advertising is the future," Montanaro said.

But the key, said Ko, is "how to make it a reality without degrading the user experience."

Lower costs drawing users to mobile internet



A visitor tries out a Blackberry mobile phone at the CommunicAsia 2008 exhibition in Singapore yesterday. Lower costs are drawing more and more users to access the Internet via their mobiles, and opening up opportunities for advertisers.