

International Business News

Power cuts turning investors off Indonesia

AFP, Jakarta

Foreign investors are shying away from Indonesia due to chronic power outages, the chairman of the country's business association said Tuesday as Jakarta prepared for two weeks of blackouts.

Businesses are bracing for millions of dollars in losses when the capital and its densely-populated surroundings experience rolling power cuts of eight hours a day for two weeks from Friday.

The cuts are officially due to maintenance work which will interrupt gas supplies to two state-owned generating stations in North Jakarta, but analysts have blamed the country's crumbling infrastructure.

"If the power cuts continue foreign investors won't come to Indonesia. They will choose China instead," Indonesia Business Association chairman Sofjan Wanandi told AFP.

European construction sector headed for sharp slowdown

AFP, Frankfurt

The European construction sector is headed for a sharp slowdown likely to last until 2010, a leading German think-tank said Tuesday.

"After a clear growth in construction activity in the past two years, a perceptible weakening will likely mark the European building sector up to 2010," the Munich-based Ifo economic research institute said in a statement.

After the volume of construction expanded by around 2.5 percent each year between 2005-2007, "yearly growth of only 0.5 percent is expected" for 2008-2010, Ifo said.

Its report was based on the results of a conference of the Euroconstruct business research group, which represents 19 European countries from Finland and Norway to Italy, Switzerland and Portugal.

Australian business conditions at seven-year low

AFP, Sydney

Australian business conditions and confidence slumped in June to their lowest levels since the September 11, 2001, attacks on the United States, a survey found Tuesday.

The National Australia Bank's monthly business conditions index fell seven points to zero in June, down 20 points on its peak in October 2007.

NAB head of Australian economics Jeff Oughton said the survey also showed business confidence down five points to a reading of minus nine, reflecting pessimism among executives about the economy's prospects.

"Conditions across the non-farm business sector as a whole deteriorated unexpectedly and significantly in June and this slowdown in conditions appears to have further to run," Oughton said.



AFP

An elderly man walks past electronic stock index monitors at a securities trading house in Taipei yesterday. Taiwan share prices closed 3.94 percent lower July 8 over weakness in the international markets and profit-taking on Monday's rebound, dealers said. The weighted index fell 289.26 points to 7,051.85 on turnover of 105.10 billion Taiwan dollars (3.46 billion USD).

Philips to transfer its PC monitors business

AFP, The Hague

Dutch electronics giant Philips said Tuesday it planned to transfer its PC monitors business, IT Displays, to the world's largest producer of the commodity, TPV Technology Limited.

Philips announced in a statement that it had reached agreement with TPV on terms and conditions of a brand licensing agreement.

"This is in line with Philips' previously communicated commitment to take decisive steps to improve the profitability levels at its television business, of which the IT Displays unit forms part."

"The intended agreement with TPV represents a further step by Philips to fundamentally reposition itself in the digital display business and accelerates Philips' efforts to address the unsatisfactory performance of its television business."

Berlin to turn to foreign labour to plug gaps

AFP, Berlin

Germany plans soon to adopt measures aimed at relieving a shortage of qualified workers in certain sectors by attracting foreign labour, an official spokesman said Monday.

Although the ministry spokesman did not provide details, the confirmation came after a newspaper said Saturday that authorities were mulling an "index of staff needs."

The report said officials could poll 7,000 companies each month to determine what kinds of skills were needed in the coming six months and adapt the granting of work visas accordingly.

A spokesman for the Labour Ministry "neither denied, nor confirmed" the report but acknowledged that the search for a "control system to identify needs" was "the reflective framework within which we are proceeding."

FUEL PRICE IMPACT

Oil workers strike gold as crude price soars

AFP, Madrid

These are booming times for the oil industry and the sector's workers are reaping the benefits as a lack of qualified labour has led to soaring wages, experts say.

In last week's World Petroleum Congress in Madrid, recruiting and retaining personnel emerged as a leading concern for oil company chiefs as they search for geologists, engineers and project managers in a limited pool of talent.

"All the salaries have been rising across the board," Fredrik Rengers, chief executive of specialist oil and gas recruitment company WorldWideWorker, told AFP during the congress.

"For certain skills, you see the same spike behaviour of salaries as for oil prices. For someone like a consultant engineer, one day he's on 1,000 dollars a day, and the next day he's on 1,800 dollars."

One delegate said she had heard of graduate petroleum engineers being recruited on annual salaries of 100,000 US dollars straight out of university.

Labour is just one bottleneck in the industry -- others include shortages of drilling rigs or refinery parts -- as it seeks to expand rapidly to find new sources of oil needed to satisfy the world's rising thirst.

"Every oil company, every oil services company, every company related to the industry is aware of the problem," says Michael Krennek, an energy industry specialist for consultancy Deloitte.

"It's hard to get qualified people and it's almost across the board."

This has serious consequences for consumers, with high oil prices being partly driven by fears that supply will

struggle to keep up with demand in the future and new oil projects being delayed by bottlenecks.

A lack of personnel and job-hopping by employees as they seek higher salaries is disruptive and undermines the ability of oil companies to innovate and find new sources of crude, says Marcela Donadio, an energy analyst from consultancy Ernst & Young.

She says the biggest shortages are for engineers and geologists, but demand extends to finance and accounting workers with experience of the energy industry.

"The salary of a petroleum engineer has doubled in the past three years," she says.

"I'm seeing people jumping from one place to the next (to boost their salaries) because there is an absolute shortage of people with specific knowledge of the oil and gas industry," she said.

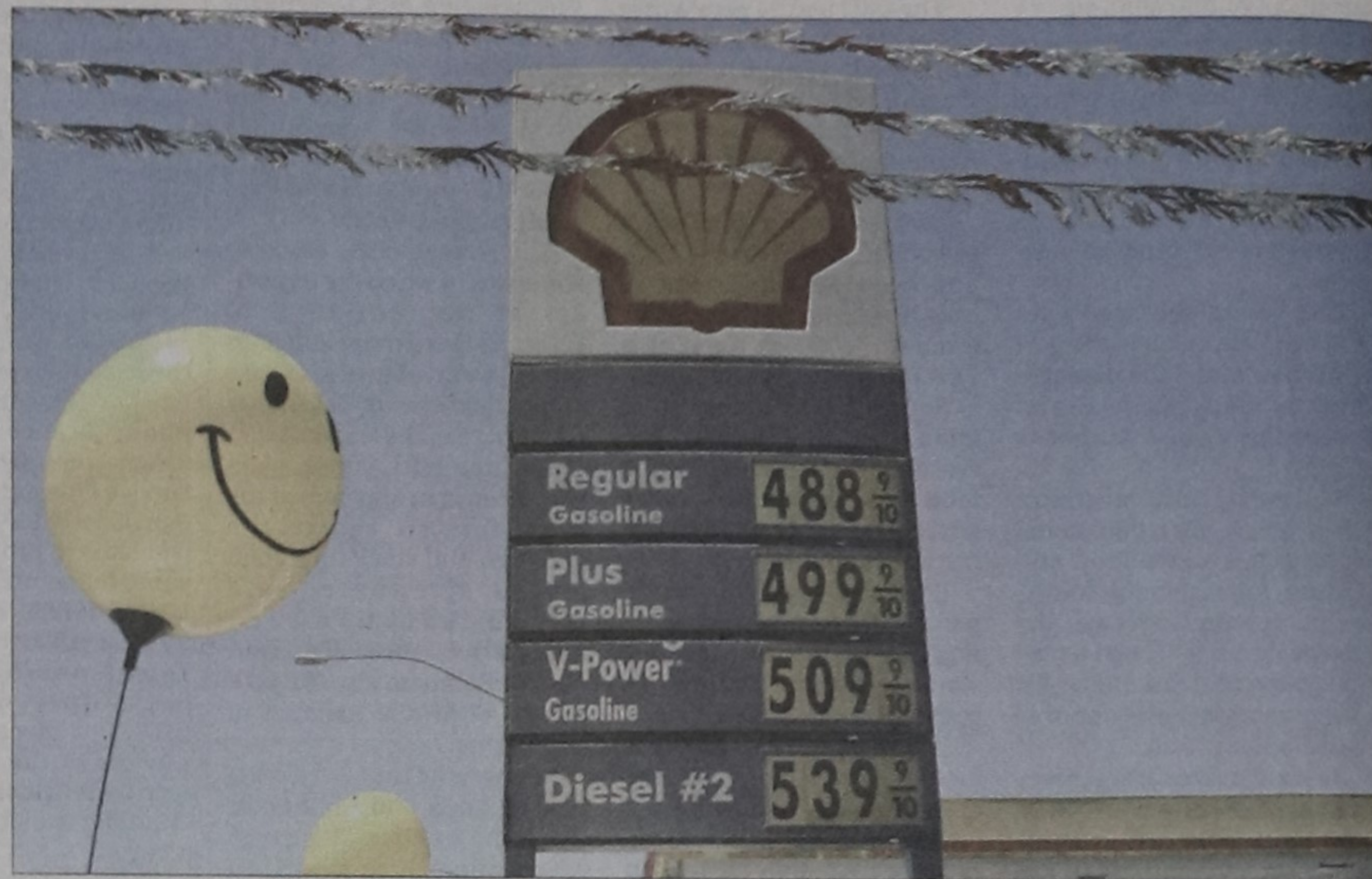
Stock options, flexible working conditions and bonuses are increasingly common for coveted staff. Benefits once reserved for top managers are being extended down the foodchain.

The current skills shortage can be traced back to the recession in the oil business in the 1980s when prices crashed and investment went into reverse, Donadio says.

"There was a ten-year gap when we didn't have people going into the industry in a significant degree," she says.

Furthermore, many "babyboomer" specialists born in the post-War years are thinking about retirement, meaning companies face an imminent exodus of their most experienced employees at a time when they are struggling to recruit.

One consequence of the fierce



AFP

A happy face balloon floats near a price board at a Shell gas station displaying gas prices. The current skills shortage in the oil industry is good for employees as they are offered stock options, flexible working conditions and bonuses.

competition for brainpower is that oil companies are now looking further afield for their personnel, with the major Western firms widening their nets to include emerging countries and Asia.

"Traditionally, with the big major companies there was a lot of Western know-how, but you now see a lot of managers and engineers from Asia in senior international positions," says Rengers. "And a lot of graduates are being hired from emerging countries."

Oil companies are also more inclined than ever to take on unspecialised engineers -- civil engineers, for example -- and train them for the petroleum industry. Some have even taken on maths graduates.

Despite the rising wealth, there is a distinct lack of triumphalism in the sector which has seen boom turn to bust on numerous occasions in the past.

As public protests against rising fuel prices gather pace around the

world, the energy crisis is adding to the already bad image of the industry, which is seen as dirty, corrupt and a source of pollution and oil spills by critics.

"We're doing great but we don't feel good about it," concludes Krennek.

"If you listen to the press in the US and the presidential candidates 'the oil companies are bad'," he says.

"Even if you were happy, you wouldn't want to be seen to be celebrating."

GLOBALISATION

Chinese workers bearing the brunt

ANN/CHINA DAILY

Last year, more than 20 workers at a factory in Wuxi, Jiangsu province that produces nickel-cadmium batteries for electronic products giant Panasonic were found to be suffering from high levels of cadmium, a toxic and cancer-causing chemical.

Two of the workers were diagnosed to be suffering from cadmium poisoning, an affliction high on health authorities' danger list of occupational diseases.

Such poisoning is said to be able to cause kidney failure, lung cancer and bone disease.

"For the safety of workers and environmental protection, this kind of battery, which is cheap to produce and safe to use but hazardous to make, has been barred from production in Japan and other developed countries," said Li Tao, director of the National Institute of Occupational Health and Poison Control under the Chinese Centre for Disease Control and Prevention.

"Now the batteries are largely made in China, and the industry is causing illnesses among workers and poisoning the soil and water," Li said.

Accounting for 3 per cent of total battery sales worldwide, the nickel-cadmium batteries are reportedly still widely used in toys, wireless phones and other electronic goods sold in several developed countries, even though the European Union has banned sales of the battery.

"The production was outsourced to China because no one in the United States wanted to deal with the waste from cadmium," said Josef Daniel-Ivad, vice-president for research and development at US-based battery company Pure Energy Vision.

The cadmium poisoning in Wuxi is one example of how China and its factory workers are faced with health and environmental challenges from industries transferred from developed countries, that in turn help fuel the country's economic growth amid increasing globalisation.



CHINA DAILY

A doctor carries out health checks for workers of a power plant in Heihe, Heilongjiang province. A medical team from the Heilongjiang Occupational Health Examination Centre visited the plant to examine more than 300 workers for occupational diseases.

Cases of outsourced industries that harm the health of Chinese workers are not uncommon, Li said.

Of the 758 million workers from the country's 16 million industrial enterprises, nearly 200 million come into contact with various work-related hazards, figures from the Ministry of Health showed.

By the end of 2006, there were 676,562 reported cases of people suffering from occupational diseases, which incurred annual economic losses of 300 billion yuan (US\$43.8 billion).

Another instance of workers facing health hazards from industries outsourced from abroad is the tatami-producing industry.

Tatami is a mat produced from a grass-like plant that is used widely as floor coverings in Japan.

The industry has shifted to China and a number of other countries in Southeast Asia, with Ningbo, Zhejiang province, making 70 per cent of the tatami mats sold in Japan, Li said.

Ningbo generates about 1.2 billion

yuan (\$173 million) from the tatami business every year, with most of the mats being exported to Japan, Li said.

During the production process, workers are said to be exposed to a clay dye dust known as sendo, which is used to prevent fading of the mat colour and to strengthen it.

"The dust contains 20 to 30 per cent of free silica and is therefore a potential cause of pneumoconiosis, commonly known as the incurable black lung disease, when workers inhale the dust and toxic material," Li said.

The black lung disease takes up more than 70 per cent of reported cases of occupational health and has killed 146,195 people, Health Ministry figures showed.

Nationwide, there have been 10,000 new cases of pneumoconiosis reported every year for the past 15 years, mostly in the mining and manufacturing industries.

"My lung is damaged and has been treated twice," said Chen Qilun, 47, a migrant worker from Zhongxian county in Chongqing municipality,

who was diagnosed with pneumoconiosis while working in Ningbo in 2002.

Chen was one of the 163 pneumoconiosis patients screened out that year, among 9,000 workers making tatami in the eastern port city, the local health authority said.

"I cannot work any more. My lungs would hurt whenever I try to lift up a heavy object," Chen said.

Apart from paying for his son's university tuition, all his savings have been spent on medical bills.

"I earned the money at the cost of my health and life but I was kept totally in the dark about the risks," he said.

"For innocent and poor people like Chen, they make money at the cost of their health in the beginning and later use the money to buy time to live," Li said.

Currently, the central government has no clear-cut regulations on the admittance of overseas industries, Xie Liangmin, deputy director of the All China Federation of Trade Unions, told China Daily.

Driven by the desire for quick profits, a number of local governments bring in factories that cause heavy pollution and harm workers' health, Xie said. Some of these deal in industries that were long discarded in their home countries, he said.

"These pose grave health challenges to workers and the environment, incurring heavier economic losses than gains," Xie said.

When introducing industries and enterprises outsourced from overseas, local authorities should first consider the safety of both the environment and the workers in the long term, he said.

Currently, there are laws on occupational disease prevention and environment protection that require enterprises to follow strict guidelines on the safety of workers and environmental protection.

The government has also set standards on work safety that include taking into account hazardous chemical exposure, which are in line with

those endorsed by the World Health Organisation.

Similarly, government-backed occupational-disease hospitals have been set up nationwide to facilitate check-ups on occupational health.

However, experts say more needs to be done to enhance law enforcement in these areas.

"The team overseeing enterprises on occupational safety protection is poorly staffed," Xie said.

He cited Shenzhen as an example, where there are only a dozen officials inspecting tens of thousands of enterprises in the southern boomtown on work-related health risks.

Workers facing such risks have also been encouraged to seek help from trade unions to better safeguard their rights, he said.

The authorities have taken other measures to help workers, said Su Zhi, deputy director of the health supervision bureau under the Ministry of Health.

The employers are currently required to provide free pre-job, on-job, and pre-departure health examinations for their workers, he said.

"That would help with early diagnosis and treatment of occupational diseases," Su said.

Industries with work-related hazards should also have strict monitoring systems in place to supervise worksafety, he said.

"However, only a fifth of them presently fulfill their responsibilities to evaluate worksite health risks," Li Tao from the National Institute Of Occupational Health and Poison Control said.

"It's mainly because of poor surveillance and lax enforcement of the law by the authorities," Su added.

For example, health authorities require companies to pass workplace hazard evaluation tests before and during the work process, but other departments do not make it a precondition for their approvals, he said.

"The lack of awareness of occupational health and poor coordination among different governmental agencies are partly to blame," Su said.