

International Business News

Russian oil sector at 'critical juncture': Putin

AFP, Severodvinsk
 Russian Prime Minister Vladimir Putin on Friday expressed concern over the country's declining oil production and said the sector was at a "critical juncture."
 Putin also said, however, that Russia would not engage in "economic egoism" and would continue to fulfill export contracts even as it met the energy needs of its own growing economy.
 "The prospects are good but some tendencies worry us. The rate of growth of production has gone down... In the first quarter of this year, production even declined 0.3 percent," Putin told ministers and oil executives.
 "The oil sector has reached a critical juncture," Putin said after visiting the Sevmash shipyard in Severodvinsk where Russia's first Arctic oil rig is under construction.
 He said tax cuts approved this year had already given oil companies more money to spend on development and added that the government was considering additional tax breaks for companies operating in oil-rich regions of Siberia.
 The government will also ease bureaucracy for companies opening new oil fields and develop infrastructure in remote areas to encourage investment.

US trade gap dips to \$59.8 billion

AFP, Washington
 The US trade deficit declined in May to 59.8 billion as exports rose to a new record, the Commerce Department reported Friday in a modest piece of positive news for an ailing economy.
 The deficit in goods and services fell 1.2 percent from a revised 60.5 billion dollars in April, and was narrower than the 62.2 billion dollars expected by private analysts.
 Exports increased to an all-time high of 157.5 billion dollars in May from 156.2 billion in April. Imports rose a smaller amount to 217.3 billion dollars from 216.7 billion.
 The politically sensitive deficit with China increased to 21 billion dollars from 20.2 billion.
 The other main factor in the deficit was oil, which declined slightly to 33.15 billion dollars in the month from 34.77 billion.
 The goods deficit was only slightly offset by the longstanding surplus in services, which increased 200 million dollars to 12.7 billion.
 Exports got a lift from a weak dollar, with industrial supplies accounting for 34 billion dollars and consumer goods 13.4 billion, both records.
 "At least the trade sector is holding up and that creates some hopes that growth can remain positive," said Joel Naroff of Naroff Economic Advisors.

Nissan, Dongfeng to build engine plant in China

AFP, Tokyo
 Japan's Nissan Motor Co. and its Chinese partner Dongfeng Motor Corp. plan to build a new engine factory in central China, a newspaper reported on Saturday.
 The two firms will jointly invest more than 24 billion yen (224 million dollars) in construction of the new plant, which will begin operation in March next year, the Nikkei business daily reported.
 The factory will be located near Zhengzhou Nissan Automobile Co., an assembly joint venture between the two automakers in Henan Province, the newspaper said.
 It will mainly supply three-liter diesel engines for light commercial vehicles to Zhengzhou Nissan Automobile, it said.
 With the supplies from the new plant, Zhengzhou Nissan Automobile will raise its production capacity to more than 120,000 vehicles.
 Nissan and Dongfeng are to set up a new joint venture in October to control the plant with an initial capital of 11 billion yen, the daily said.



AFP
 A day after Apple's iPhone 3G went officially on sale across Asia placards advertising the iPhone 3G versions offered on the black market are displayed by independent telephone shops in Hong Kong yesterday. In Hong Kong, more than 60,000 people have already ordered the iPhone 3G, but only around 1,500 pre-chosen customers were able to pick up their handsets on July 11.

India's industrial production slows sharply in May

AFP, Mumbai
 India's industrial production slowed sharply in May to its slowest pace in six years, hit by rising inflation, high input costs and monetary tightening, official figures showed Friday.
 Industrial growth in Asia's second largest economy was at 3.8 percent in May, against 10.6 percent in the same month last year.
 Output growth, as measured by the Index of Industrial Production, declined in the manufacturing and electricity sectors.
 Manufacturing output, which has an 80 percent weighting in the industrial output index, rose 3.9 percent in May against 11.3 percent for the corresponding period a year earlier.
 "The industrial data for May was disappointing. The sharp deceleration raises concerns about the manufacturing outlook for the second half of the year," said Sherman Chan, economist with Moody's Economy.com.

TOURISM

Cambodia's hotel industry going for a greener image

AFP, Phnom Penh
 As climate change guilt among tourists grows, many hotels and resorts in emerging hotspots like Cambodia are touting their environmental credentials in an effort to cash in on the "eco" tag.
 But some are finding that in a nation still pulling itself out of poverty and rebuilding after decades of civil war, it is not always easy being green.
 The new minimalist 16-room riverfront Quay Hotel in the capital Phnom Penh boasts that it is one of the first businesses in Cambodia to completely offset its carbon emissions.

But their all-natural soap is flown in from Thailand and there is nowhere to buy items such as chemical-free linen, said Michelle Duncan, operations manager for FCC, the group that owns the hotel.
 "We're a hotel trying to do our bit to offset emissions in the country," said Duncan. "In London or Australia or wherever, it's a lot easier to recycle."

What exactly makes an "eco-resort" also remains to be defined, with no worldwide standards that hotels and resorts have to meet to claim the tag.

In Cambodia, tycoon Sok Kong recently said the environment was his "first concern", despite his plans to build two luxury golf courses in the country's Bokor Mountain protected area.

Yin Sorya, an eco-tourism adviser to the Cambodian government, said that local officials often do not understand what makes sustainable tourism.

"When they (Cambodian officials) talk about eco-tourism, they talk about golf courses or five-star hotels," Yin Sorya said.

"Here in Southeast Asia, they want high-market mass tourism."

-- Many different "green" standards are on the market --

Many of the resorts marketing their green credentials in Cambodia and neighbouring Laos are modest properties in pristine jungle settings.

They use locally-sourced materials, some solar power and try and

give back to poor local communities while causing as little impact as possible.

In Thailand, environmentally-friendly policies are becoming more high tech, with homemade biofuels, intelligent lighting, and organically-fertilised herb gardens all wooing tourists concerned about their carbon footprint.

"People are saying: 'If I want to travel, I'd better make it environmentally conscientious,'" said Juergen Seidel, a director for Six Senses, which has hotels and resorts in Thailand and Vietnam.

Six Senses plans by 2020 to produce enough clean energy to power all of its operations as well as feed electricity into local grids, said Seidel.

"Every year there's a 10 or 20 percent increase of travellers in this niche market we're providing," he told AFP.

A United Nations report last year found that tourism, in particular air travel, accounted for about five percent of global emissions of carbon dioxide -- the main greenhouse gas that traps the sun's heat and fuels global warming.

However as the travel industry adopts more sustainable practices, there are so many different "green" standards on the market right now that tourists are left scratching their heads.

Environmental activists hope that Cambodia will learn to make the most of its pristine forest, much of which was unintentionally preserved as decades of civil war stunted development and left the wilderness untouched.

But as tourist arrivals soar, jumping 20 percent from 2006 to 2007 alone and bringing much-needed money to this poor nation, a high-end hotel building boom sweeping the country is worrying some activists.

Yet Touch Nimith, an eco-tourism officer for Conservation International in Cambodia, holds out hope that the environmental tourism trend will help save protected areas.

"The eco-tourism we're thinking about is for conservation, not local economics," Touch Nimith said.



Night time view of a hotel in Phnom Penh.



A waiter walks inside a restaurant in Phnom Penh. As climate change guilt among tourists grows, many hotels and resorts in emerging hotspots like Cambodia are touting their environmental credentials in an effort to cash in on the "eco" tag.

COLUMN

SARWAR AHMED

Locking horns

Most of our rural population does not have electricity and there is little they can do after sunset. With the solutions offered by Rahimafrooz, they can extend 'daylight' by another four hours, thereby continuing work beyond sunset.

Of the numerous innuendos hurled at us, and thanks to TIB, we are labeled as one of the most corrupt on this earth. So how do you brave this affront and say that you want to do business in an ethical way in Bangladesh? The good news is that we have our own resilient businessmen who have made the impossible, possible. Locking horns against the wind to build an ethical business, we have one such stellar, one thousand crore taka performing group, Rahimafrooz.

To make the point, a suave Niaz Rahim, one of the family member directors of the group, gave me their company brochure. Their aspiration, to be the most admired and trusted organisation through excelling in everything we do, following ethical business practices and adding value to stakeholders, explains it all. It is possible to build an ethical business in Bangladesh he says. Ethics means we don't cheat our customers, our shareholders or our employees, and that we are transparent in our activities.

It was indeed a delight and an inspiration to meet Niaz Rahim. His subtle humour will put you at ease. As you talk to him, you feel the energy flow as he explains their vision about lighting up Bangladesh, literally, with Rahimafrooz's renewable

energy products and services. And that's not all, it is just not light for the sake of light, but a means to remove the darkness of the curse of illiteracy. This is business with a social purpose at its best.

More over, as Niaz explains, energy inspires social and economic activities. Most of our rural population does not have electricity and there is little they can do after sunset. With the solutions offered by Rahimafrooz, they can extend 'daylight' by another four hours, thereby continuing work beyond sunset.

The group celebrated its fiftieth birthday in 2004. That was when the

family owned business took stock of their history and where they wanted to go into the future. Indeed, they feel that harnessing the business potential in Bangladesh and beyond, they want to be a Tk10,000 crore company by 2017. Isn't that a big number to aspire for? It is, Niaz says and the number has come from the business units. The business unit heads along with their teams did a bottom up exercise which showed that their organic growth will add up to this magic number.

Rahimafrooz's ventures have always been unusual as they dare to venture in unconventional business

areas. This innovative approach has made them either number one or two in their businesses, commanding respect in the market, and market share. This pragmatic but daring 'we can' attitude stood them through the spat they had with an Indian company which tried to thwart Rahimafrooz's batteries entry into India. Locking horns, they resiliently stood up against the mighty company, like David and Goliath and ultimately won the right to export, which they continue to do successfully. This success has led Rahimafrooz to invest in doubling their manufacturing capacities to meet what seems to be an insatiable demand for batteries.

If you haven't read Jim Collin's book, Good to Great, you are missing out a great research work, which explains how companies become great. As you talk to Niaz Rahim, you begin to see the book coming to life, manifesting itself in the way Rahimafrooz works. The book has been an inspiration for them too. You can sense the unmistakable humility and religiosity emanating from him as he explains how their business is like one big family. Their familial ethos flows not only to employees but goes on to their dealers.

Dealers are dear to Rahimafrooz.

They have been nurtured, cared and provided with continuous training to carry Rahimafrooz's basket of products and values to customers. As Niaz says, dealers are our partners, our extended family members who need to understand and live the way a family does. That is why we take so much care to make sure they live our values. After all, they are the touch points where customers meet Rahimafrooz. If our dealers can provide a satisfactory experience to our customers, we build brand and customer loyalty.

Successful businesses believe in philanthropic social activities. Rahimafrooz is no exception and have formed their own Rural Services Foundation. The Foundation seeks to better the lives of the poor and has 170 nationwide centres including a school in Bogra for the children of the ultra poor. Keeping pace with their vision to spread light, this school provides free of cost, the best possible light of education to the poorest of the poor.

As we walked out of their spotless office I could not but already admire the quiet determination of Niaz Rahim and his family, locking horns with the future, striving to make Rahimafrooz a great company.

The writer is the managing director of Syngenta Bangladesh Ltd