

International Business News

SKorea firms cool on investment at home, look abroad

AFP, Seoul

South Korean companies invested more abroad in the first half of this year but domestic investment was sluggish due to high costs and an uncertain business environment, officials said Tuesday.

Fixed domestic investment grew just 0.5 percent year-on-year to 106.3 trillion won (101.3 billion dollars) from January-June, according to the central Bank of Korea.

It was the lowest first-half percentage increase since 2001, but the bank predicts the full-year growth figure will be about four percent.

During the same period, direct overseas investment by local enterprises soared 42.8 percent from a year earlier to 14.72 billion dollars.

Domestic private consumption remains weak and firms are also cautious due to high salaries and other costs, bank officials said.

A lack of incentives such as the deregulation promised by President Lee Myung-Bak also prompted companies to go abroad, they said.

Australia's Virgin Blue says oil prices hurt more than 9/11

AFP, Sydney

Australia's second largest airline Virgin Blue said Tuesday soaring oil prices were hurting the industry more than the September 11 attacks on the US, as it reported a 55 percent fall in net profit.

Virgin Blue Holdings said net profit for the year ended June 30 was 97.7 million dollars (84.6 million US) -- less than half last year's 215.8 million dollars.

Underlying profit was above expectations at 140.5 million dollars while revenue rose 8.4 percent to 2.35 billion dollars, it said in a statement.

But the airline, founded by British entrepreneur Richard Branson, said higher oil prices had damaged the industry more than the 2001 attacks on the US and the outbreak of SARS (Severe Acute Respiratory Syndrome) combined.

"The current fuel crisis -- and it is just that ... a fuel crisis in so far as the industry is concerned -- has swamped the industry, to a magnitude greater than probably SARS and 9/11 combined," chief executive Brett Godfrey said.



Director Marketing of Nokia India Devinder Kishore poses with Nokia N96 during its launch in New Delhi yesterday. Nokia unveiled its most advanced converged device in India 'Nokia N96', with 24 GB (16+8) memory which can store up to 18000 songs, up to 20000 images at 5 mega pixels and up to 60 hours of video or 20 full length movies.

China loans more to small businesses to boost employment

AFP, Shanghai

China's central bank has more than doubled the amount entrepreneurs and small businesses can borrow as part of efforts to boost employment, officials said.

The maximum amount that can be loaned to individuals for business purposes was raised to 50,000 yuan (7,300 dollars) from 20,000 yuan, the People's Bank of China said in a statement posted on its website late Monday.

The limit on loans to labour-intensive small businesses was doubled to two million yuan from one million yuan, according to the notice distributed to local authorities and banks earlier this month.

"(We) need to enhance the policy support for labour-intensive small enterprises, prompt them to hire more jobless people," the central bank said.

T-Mobile to launch first Google-powered mobile

AFP, Berlin

T-Mobile said Monday it plans to launch a mobile phone powered by Google's Android software, making it the first operator to do so and posing a direct threat to Apple's popular iPhone.

A spokesman for Deutsche Telekom, T-Mobile's German parent, declined to comment on the launch date for the device which is made by mobile phone maker HTC.

According to a report in the New York Times, the phone will hit the stores in the United States before Christmas, perhaps as early as October.

The new device will have a touch screen like the iPhone and other smartphones that use software from firms like Palm, Microsoft and Nokia to allow users to access the Internet.

TRADE

Indian tea tourism helps spread Darjeeling aroma

AFP, Kurseong

Touring tea gardens in India's famous Darjeeling hills and tasting several varieties of the gold-coloured brew has got Audrey Dreyer thinking about a career in the trade.

Dreyer, from France, is among a growing number of tourists wanting to experience life on the estates in the famous tea-growing region to learn about some of the world's most coveted varieties.

As part of a new push to promote their brands worldwide and after having trained tourists for no charge in recent years, many estates are now offering specialised live-in training courses on the plantations for a fee.

The privately owned Lochan Tea Limited company is one of those, where students undertake a three-month course in international tea trading.

Spurred by the growing market for Darjeeling tea in her home country, Dreyer and two friends have just graduated from a course on the estate.

"In France, the market for tea has increased and Darjeeling is the most famous. Here we have learnt about manufacturing, marketing and visited tea gardens," the 20-year-old student says.

Dreyer's friend Marine Legastelois, also from France, agrees the experience has been beneficial.

"It was a good experience. It will be good for our future," she says.

Eighty-seven Darjeeling gardens sport the Geographical Indication label that certifies that a product -- like Champagne and Bordeaux in France -- comes from a



(L) Owner of the Makaibari Tea Estate, Rajah Banerjee, gestures as he prepares samples of varieties of tea at his plantation and (R) Indian tea garden women labourers pluck tea leaves at the Makaibari plantation, some 30 km from Siliguri.



certain region and enjoys distinct characteristics of the area.

Located in the lower Himalayas, Darjeeling -- with its cool climate, plenty of rainfall and slopes that ensure water runs off quickly -- gives the black tea its unique aroma.

-- A 'spiritual' experience -- The Makaibari plantation -- where tea growing is not only considered a trade, but a spiritual experience -- offers homestays with estate workers, who earn revenue generated from tourism.

Visitors can share meals with their hosts, join the workers in plucking, tour the factory where the finest leaves are processed and learn how cosmic energy is tapped to "heal earth" under the

"biodynamic" way of farming.

A highly rated brand, Makaibari fetched 50,000 rupees (1,250 dollars) a kilogramme at an auction in Beijing in 2006, making it one of the world's costliest teas.

"Makaibari is not tea, it's magic," says its enthusiastic owner Rajah Banerjee. "You take a sip, close your eyes and make a wish. Your wish will come true in 21 days."

A fourth generation planter who takes immense pride in his garden, Banerjee relishes in narrating tales and spotting hornbills and earthworms.

"We are experiencing history here as these tea estates will not perhaps survive for more than 50 years," said Alicia Melrose, a health professional from New Zealand, who plans

to set up health facilities for garden workers.

Only about a third of the 1,574 acres (637 hectares) of Makaibari area is under tea cultivation, while the rest is under thick tropical forests, making it a big draw for not only tourists but also academics keen on learning about sustainable farming.

While Makaibari hosts visitors from all walks of life, others such as Tumsong garden cater to the well-heeled tourists who can afford to shell out about 220 dollars a night for a room at their bungalow set among lush gardens and mist-covered mountains.

The tariff includes meals, sightseeing and transport from the nearest airport, which is about 100 kilometres

(60 miles) away and takes a few hours in the steep terrain.

"Our guests get to see the entire process from plucking to packing, which very few places in the world can offer," said Rajiv Gupta, manager of Tumsong Garden.

'Promoting Darjeeling'

Experts say the potential in boosting visitors to the region is huge, but tea tourism remains a small, undeveloped sector and estimates of annual revenue are not available.

"It is a great promotional exercise for Darjeeling tea, as it is a unique experience that tea gardens can offer," says Sandeep Mukherjee, secretary of Darjeeling Tea Association.

Mukherjee says tea tourism will especially help in creating awareness about the

Darjeeling brand, under which only about a fifth of the tea labelled as such is genuine.

Darjeeling tea can be identified by its logo: the face of an Indian woman with two leaves and a bud in her hand.

The 87 Darjeeling gardens produce about nine million kilogrammes of tea annually -- or about one percent of India's total produce of 950 million kilogrammes.

Traders and growers say tourists and students are already helping spread the aroma of Darjeeling.

"One of my students has set up a successful Darjeeling business in France," says businessman Rajiv Lochan.

"My students are like our captive vendors. They will sell our tea worldwide."

BUSINESS LIFESTYLE

Banker-turned-baker aims to whip Asia into a cupcake whirl

AFP, Hong Kong

When Lachlan Campbell found himself working 20-hour days to get his new Hong Kong bakery off the ground, it was not quite the lifestyle he had envisioned when he gave up a lucrative banking career.

"When I first started I had no staff. I got in at six and did all the baking before trying to open at 10:30am. I could not get it done," said the 41-year-old.

"I was working 20-22 hours a day, it was insane. My wife came in, my 13-year-old niece came in. A buddy was in town from San Francisco -- he was behind the counter for two days during his holiday.

"I would be here at six in the morning, stay through until three or four in the morning; go home, eat breakfast, shower; maybe sleep an hour and then I would come back."

But despite the brutal schedule Campbell never doubted that switching career to set up his firm, Babycakes, was the right move.

"One of the big factors behind why I gave up banking was less travel and more time at home with my kids -- right now I have even less time with them, although that is starting to change," said Campbell, who describes himself as Chief Cupcake Officer on his business cards.

"But go back to banking? No way."

Campbell opened his new venture in January, but he had been plotting every detail for years, from the retro, 1950s decor to the child-sized sink, front door and even toilet that sit alongside the adult-sized versions.

It was the same meticulous analysis he used when assessing distressed debt opportunities in the region, he said.

He visited more than 50 coffee shops and cake stores in the United States and his home country of Canada for ideas after giving up his job at Deutsche Bank in early 2007.

But his biggest and most important challenge was learning to bake cupcakes, and refine the recipe for Asia's particular palette.

His muse was 67-year-old master baker Marda Stoliar, who specialises in teaching newcomers.

Campbell flew to her home in Oregon for weeks of study, before flying her to Hong Kong so she could assess his set-up. In all it cost him around 85,000 US dollars.

"She taught me not just how to put it into a batter, into a cup and into a pan, but how to professionalise it, scale this stuff up," he said.

"How can you bake 3,000 to 6,000 cakes a day out of my kitchen and still maintain the

quality when one day it is five degrees and 40 percent humidity and another it is 35 degrees and 98 percent humidity?"

Campbell then embarked on developing his own buttercream recipe to suit his Asian target audience. His 12-cupcake range now includes the Yin and Yang, a chocolate cake with vanilla buttercream. "Ours stays soft for days, it is a true Italian buttercream. They are beautiful," he said.

Babycakes is based in a shopping mall in Ap Lei Chau, where people can pop in to buy cakes and drinks. However, from the kitchen -- the centre of the operation -- Campbell also takes delivery orders for anywhere from banks to corporate clients and individuals for parties.

Campbell was born in Vancouver but grew up in Alberta, where his father was a professor of education and his mother a teacher.

After graduating from the University of British Columbia with a degree in economics he qualified as an auditor before heading to Hong Kong in 1995 where he hoped to make the switch to investment banking.

After sleeping on sofas, having doors closed at many of the major banks and being forced to take an audit job, he found a job at Income Partners.



When Chief Cupcake Officer Lachlan Campbell found himself working 20-hour days to get his new Hong Kong bakery off the ground, it was not quite the lifestyle he had envisioned. Despite the brutal schedule Campbell never doubted that switching career to set up his firm, Babycakes, was the right move.

He worked in fixed income, assessing companies in trouble and working out if they could be saved with the right investment.

He helped swell the business, before embarking on the familiar pattern of hopping between major firms, attracted by bigger salaries and bonuses.

But he was restless and headed to Hollywood to try and use his financial knowledge to get into the film industry. However, family demands led him back to Hong Kong -- and banking -- in 2004.

His new job -- as head of fixed income for Asia and the Middle East in private banking at Deutsche -- was to sell

super-rich individuals financial products, but he was already yearning for another adventure.

"If you do not sell, you do not get a bonus. I just said at the end of the day this is not where I want to be," he said.

Rami Hayek, Campbell's ex-boss at Deutsche Bank, said his former colleague's meticulous approach was the perfect attribute for his new venture.

"He was a total perfectionist -- he loves details," said Hayek. "People who used to work with him cannot believe he has done it, it takes a lot of guts to give up the pay cheque. He has got the admiration and respect

of his peer group," Hayek said.

Despite initial exhaustion at the crippling hours -- Campbell was struck down with a fever and had to close for five days to recover -- his ambition is far from a quiet, semi-retirement venture.

He is already expanding into two more malls across Hong Kong, taking on new staff, and has eyes on franchising across Asia.

But does he ever long for a return to a testosterone-filled investment bank?

"I don't miss it. Ever. I don't even think about it, except how can I get hold of my friends to buy cakes for their floor," he said.