International Business News

India signs nuclear reactor accord with Areva

PALLAB BHATTACHARYA, *New Delhi*

India yesterday signed its first commercial contract to build atomic power plants here with French power company Areva, ending over three decades of New Delhi's isolation in global nuclear commerce.

Areva is expected to supply two European Pressurised Reactors (EPR) of 1650MW each, which are likely to be set up at Jaitapur in Maharashtra.

The MoU was signed by officials of state-owned Nuclear Power Corporation of India Limited (NPCIL) and Areva in the presence of Minister of State in PMO Prithviraj Chavan and visiting French Minister of State for Foreign Trade Anne Marie Idrac.

Chavan announced that Areva would set up a nuclear park at Jaitapur.

The agreement is expected to have the provision of supplying additional four EPRs at a later date.

The signing of the MoU came two days after India and the International Atomic Energy Agency (IAEA) signed a safeguard agreement in Vienna on Monday, completing a major formality for entering into civilian nuclear cooperation with the international community.

The agreement with the IAEA allows India to retain its military nuclear reactors while entering into civilian nuclear trade with other countries.

Alcatel-Lucent reports 5b euro loss in 2008

AFP, *Paris*

French-US telecom equipment group Alcatel-Lucent said on Wednesday its net loss widened 48.5 percent to 5.215 billion euros (6.5 billion dollars) in 2008, blaming asset write-downs in a crumbling world economy.

In the fourth quarter alone losses came to 3.892 billion euros, eclipsing its 3.5-billion-euro loss for all of 2007, the company said.

The 2008 performance was sharply worse than analysts had expected, with Natixis Securities projecting a shortfall limited to 1.245 billion euros.

Alcatel-Lucent shares were nonetheless showing a gain of 5.60 percent to 1.55 euros on a generally stronger Paris market. Analysts said that despite the losses, the company had met financial objectives it had set for itself last year.

"Relatively speaking, given what is happening in the market, Alcatel-Lucent didn't come out too badly," said Alexandre Paterc of Exane BNP Paribas.

For 2009 the group said it foresaw a market decline of 8.0 to 10 percent and an operating result that approached the break-even point.

Alcatel-Lucent in the final three months of the year recorded asset depreciations of 3.91 billion euros, bringing the annual total to 4.725 billion.

AFP

Job seekers and recruiters mingle to network for job opportunities during a Pink Slip Party at The Crescent Hotel on Tuesday in Beverly Hills, California. The state of California was declared the worst credit risk of any state in nation today after Standard & Poors cut its general obligation bonds in response to the record budget deficit, while California politicians continue to disagree about what to do.

Japan's Panasonic to cut 15,000 jobs, shut plants

AP, *Tokyo*

Panasonic Corp. said Wednesday it will slash 15,000 jobs and shut down 27 plants worldwide, joining a slew of major Japanese companies announcing deep cuts as the global slowdown batters the world's second-largest economy.

The world's largest maker of plasma display TVs also announced a net loss for the October-December quarter and lowered its forecast for the fiscal year through March to a net loss of 380 billion yen ($4.2 billion), its first annual loss in six years.

Panasonic blamed the dismal results on the global slowdown set off by the U.S. financial crisis, the rapid surge of the yen and sudden price drops. Sales slid in a wide range of products, including flat-panel TVs, DVD recorders, microwaves, lamps and semiconductors, it said.

The Osaka-based manufacturer plans to cut the jobs - half of which will come in Japan - by the end of March 2010. They amount to about 5 percent of its 300,000-strong global work force.

Time Warner swings to Q4 loss on hefty writedown

AP, *New York*

Time Warner Inc. reported a fourth-quarter loss, hurt by a $24.2 billion writedown for its cable, publishing and AOL assets.

The New York-based media and entertainment company posted a loss of $16.03 billion, or $4.47 per share, compared with profit of $1.03 billion, or 28 cents per share, a year ago.

Quarterly results were dragged down $4.70 per share mostly due to the $24.2 billion writedown.

Time Warner had anticipated the writedown, predicting in January that it would record an operating loss for the fourth quarter and the full year.

Revenue for the period ended Dec. 31 dipped 3 percent to $12.31 billion from $12.64 billion on softness in its filmed entertainment, AOL and publishing units.

Analysts polled by Thomson Reuters forecast earnings of 26 cents per share on revenue of $12.71 billion. Analysts' estimates typically exclude one-time items.

TELECOM

Carbon footprint kicks up debate

MD HASAN

The shilly-shally global debate between developed and poor nations on carbon emissions, a result of massive industrialisation, is not new. But the intentions of an industry such as the telecom -- to alter its technology and adapt to environment-friendly networks -- surely create a spark among environmentalists.

When a technology is launched, it has both good and bad impacts on users. The rapidly growing mobile network has partially been blamed for carbon emissions. The issue is now discussed among the big-telecom operators to rework their networks with green-power deployments.

According to estimations by Ericsson, a global telecom equipment maker, around 0.14 percent of global carbondioxide (CO_2) emissions and around 0.12 percent of primary energy use are attributed to the mobile telecom technology. For instance, this compares to 20 percent of CO_2 emissions and around 23 percent of primary energy use for travel and transport.

The annual CO_2 footprint of the average mobile subscriber is around 25 kilograms, which is equivalent to driving an average car on the motorway for an hour or running a 5-watt lamp for a year.

The Ericsson study consistently reveals that it is the energy consumption in the 'use phase' of the radio access networks that the environment is most significantly impacted, out of all the company's products.

Usually in the radio access products of the mobile networks, the highest volume, or 75 percent, of indirect CO_2 emissions are made, according to Ericsson.

In Bangladesh, 22,000 base stations of the six mobile operators, supporting the nationwide telecom network, could raise a question as to how much CO_2 is emitted by the rapidly growing mobile sector.

The issues regarding the environment, however, remain less prioritised in Bangladesh and other poor nations. But it stirs up quite a storm on the global discussion table.

Typically, mobile company base stations are run by electricity. Recently, it was reported that mobile operators are compelled to use diesel to run a significant portion of their base stations, due to an acute power crisis.

Operators in Bangladesh also rethink the use of sustainable networks, due to the unavailability of electricity in remote areas.

When global petroleum prices shot over $100 a barrel, operators had to spend a chunk of their operating budget on purchasing diesel. Now that petroleum prices stooped to below $40 a barrel, operators are still worried about future hikes in petroleum prices.

So, is there any alternative technology available that would provide a sustainable solution for the telecom operators?

Thanks to the mobile technology inventors for not sitting idle, their recent technological improvements and cost reductions in green power solutions have presented a commercially attractive alternative. Coupled with benefits to the environmental from reduced diesel use and subsequent emissions, green power solutions provide a promising opportunity for operators.

"Apart from having very low environmental impacts, solar-powered sites also boast being low-maintenance, more reliable than diesel generator-powered systems and having a technical lifeline of 20 years or so," says Arun Bansal, managing director of LM Ericsson Bangladesh Ltd.

Solar, wind, pico-hydro, bio diesel, fuel cells and fossil diesel are also being developed by the telecom equipment makers to deploy such green power systems in mobile networks.

Obviously, technology is invented to cater to the requirements of the market. But its success depends on market usage. In this sense, it is not clear yet whether Bangladesh's operators will go for such technologies, as all operators' primary objective is to have a healthy balance sheet.

By being region-specific, Pakistan is the star candidate in adopting green power solutions in their mobile networks.

According to the GSM Association (GSMA), the global trade association representing mobile operators, Pakistan is in a unique position to develop energy solutions that are energy efficient, ecology and economy friendly.

Solar powered BTS is best suited to the Pakistani environment. Almost all major vendors are working on the solar powered versions of their BTS. As solar technology matures, a combination of solar cells can generate up to 1200 watts, enough to power a medium sized BTS, the GSMA analysis said.

In the meantime, GSMA said green power deployments in mobile networks have been limited primarily by the high cost of capital and payback periods that exceed two years.

Currently, the cost of equipping a BTS with green power, such as a wind turbine, is approximately 50 percent greater than deployment with diesel generators. So operators are naturally reluctant to bear this high capital expense.

"The decision to install two solar-powered BTS last year in the pilot phase was taken with several factors in consideration, one of which was to reduce our carbon footprint as much as possible," says Oddvar Hesjedal, chief executive officer of Grameenphone Ltd.

Hinting at the high cost of such technology, he says: "Grameenphone will search for partners and suppliers who would want to cooperate, aiming to utilise solar and wind as prime resources of energy over some years."

Among the six operators, Grameenphone was the only company that showed an interest to deploy environment-friendly network solutions and set up two solar-based base stations in 2007.

However, from the vendor's perspective, a good business model exists for deploying environment friendly network solutions.

"The initial capital expenditure per kilowatt is slightly higher for such solutions, but it is still a positive business case compared to diesel generators, plus environmental friendly," says Bansal.

"Operators achieve significant operating expenditure (OPEX) savings. Many countries in the world are now forming legislations, mandating operators to use solar power."

People are keen to lease their rooftops for setting mobile company base stations, eying handsome yearly fares, but unmindful of the consequences of emissions from the stations.

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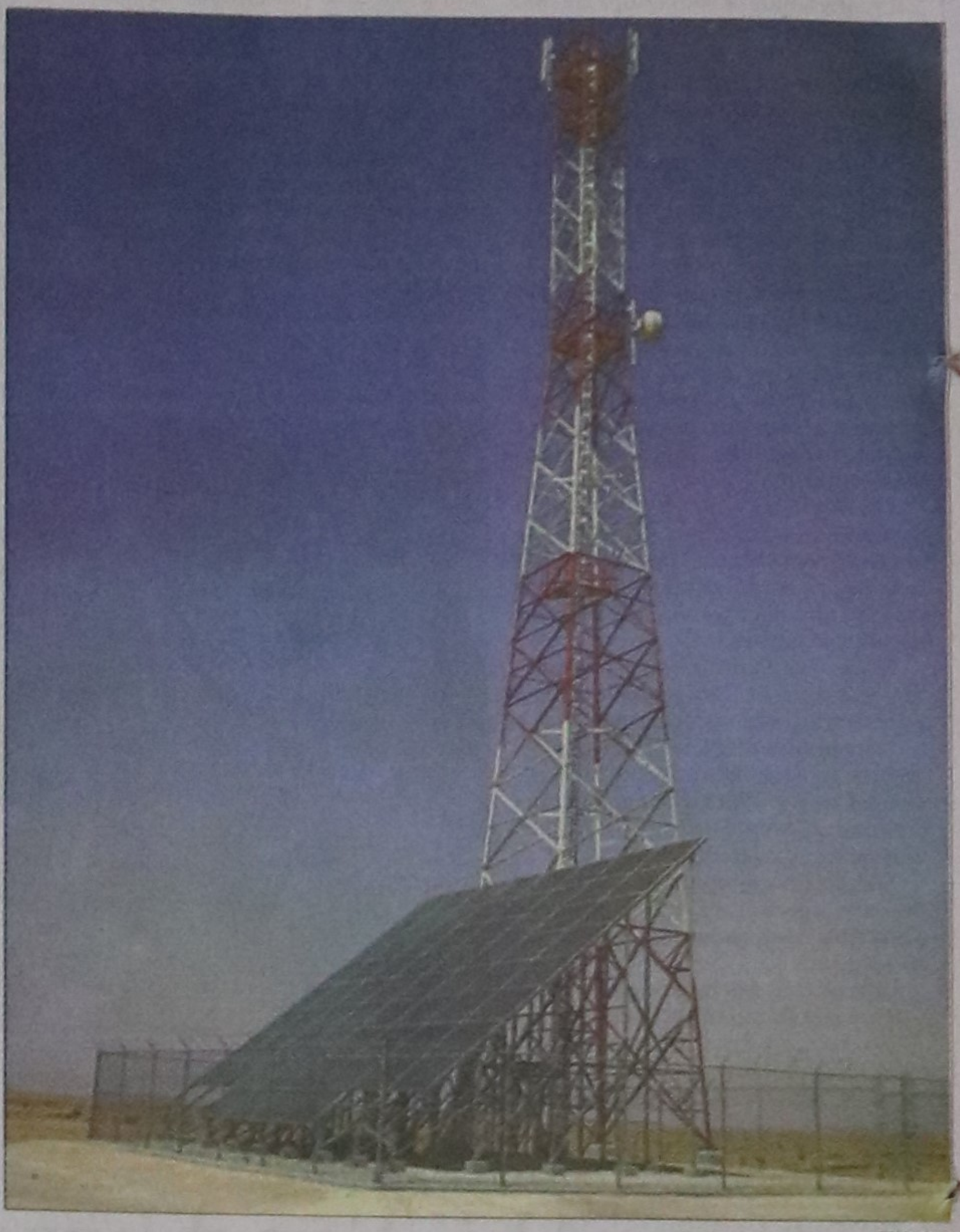

ERICSSON

How green is yours?

COLUMN

IFTY ISLAM

India an opportunity, not threat

Bangladesh should have a justifiable sense of pride about having both the best performing stock markets and, perhaps more significantly, one of the most resilient economies during the financial crisis of 2008. Our RMG and manpower exports have held up surprisingly well, although greater policy pragmatism may be necessary to repeat the performance in 2009. However, Bangladesh has been much less effective in exploiting the geographical advantages of its adjacency to India.

With the upcoming visit of Indian External Affairs Minister Pranab Mukherjee, I wanted to discuss a strategy for a mutually beneficial regional integration strategy. India- Bangladesh relations might be characterised, simplistically, of one of relative indifference on the India side to one of fears of being overwhelmed by the much larger "big brother" on the Bangladesh side. At the beginning of October 2008, I participated in an Indian Private Equity seminar in Mumbai. I was surprised at the lack of awareness of recent trends in the Bangladesh economy among many of the 300 attendees I had a chance to speak to. Many were focused on "Incredible India" companies buying up assets in Europe and the US. Bangladesh appeared an afterthought.

However, attitudes are changing and I was pleasantly surprised to receive a call from a journalist from Forbes India last week. They are launching their inaugural issue in March and want to feature an article on India-Bangladesh economic relations. They also wanted to help in publishing a Bangladesh Country Report as well.

This renewed interest by India in their neighbour is justified given what one might argue has been a disastrous strategy of over-rapid globalisation by a number of Indian companies. Tata's purchase of Corus and Jaguar sees them sitting on billions of dollars of paper losses and an extremely challenging operational environment in the developed economy steel and auto sectors respectively. By contrast, Bangladesh offers a relatively stable island of stability in a global sea of extreme volatility for prospective Indian corporate investors.

Country-wise distribution of India's outward FDI in Saarc region

In millions of dollars

	Total Outward	South Asia	Bhutan	Bangladesh	Maldives	Nepal	Pakistan	Sri Lanka
1996-02	6353.6	2.6	0.0	9.1	12.8	40.7	0.0	37.4
2002-03	1334.3	1.2	0.0	7.4	0.0	35.6	15.7	41.3
2003-04	1191.2	4.5	0.0	7.6	0.0	9.9	0.0	82.6
2004-05	2262.9	0.7	0.0	11.1	0.0	24.9	0.0	64.1
2005-06	2136.3	1.0	0.0	5.9	5.4	3.9	0.0	84.9
2006-07	5370.7	0.1	0.9	11.1	0.9	2.1	0.0	85.0
Total	18653.7	1.5	1.8	8.4	7.9	29.5	0.9	51.4

Source: Computed from the Ministry of Finance Database

What is needed on the Bangladesh side is to form a clear consensus among not just businessmen and policymakers, but critically the broader general public, that India is an opportunity, not a threat.

One welcome development in the past week has been the wide range of seminars held in the city on regional opportunities. I would particularly like to acknowledge one I attended along with a 40 of leading businessmen, academics and thought leaders on February 3 hosted by the FBCCI. There were a number of former government advisers, foreign secretaries and Indian high commissioners at the event and Annisul Huq and his fellow FBCCI directors should be applauded for acting as a catalyst for three hours of constructive and positive discussions on how to move our relationship forward.

A number of valuable themes emerged. For us to see greater FDI will require a number of changes. Firstly a focused and proactive strategy by Bangladesh, both the government and the private sector, to market sectors and specific joint venture opportunities to Indian companies. A quarterly series of seminars held alternatively in Dhaka and Mumbai/Delhi attended by the respective foreign and commerce ministers and secretaries along with leading corporate sector representation by the FICCI and FBCCI.

Secondly, greater encouragement of higher-level interaction can come about through easing up visa restrictions and also establishing direct flights between Dhaka and Mumbai and north-eastern Indian cities. Thirdly, we may want to extend the special economic zones initiative to offer affirmative action or incentives for Indian FDI.

At the time of Indian independence, intra-regional trade was 19 percent, which fell to 2 percent in the 1990s and has since risen to around 4 percent. On reducing the trade deficit, one school of thought was that we import cotton and yarn from India and our RMG creates value-added products that got to the west so our Indian deficit is a necessary side-product of our surplus with the US. But I also feel that a focused policy of industrial and export diversification will also help reduce the India-Bangladesh trade deficit. Simply, if we made more of the goods India wanted to import, we could reduce our trade deficit. Other practical steps we could take include warehouses at the land stations and more staff on both sides of the border to reduce delays in the passage of goods. The adoption of a free trade area will also help, but the impact will be limited in the absence of progress in Bangladesh's industrial diversification strategy.

Another major opportunity is for Bangladesh to be a regional transport hub. There has been a great deal of sensitivity to the issue of transit rights. But if we think more broadly about integrating into the regional network for not only India, but also Nepal, Bhutan and indeed China, then we can be away from some of the security sensitivities. One transportation expert at the seminar underlined the fact that the proposed $6 billion Chittagong deep sea-port is not economically viable on the basis of Bangladesh's trade flows, but would be a compelling proposal if we could act as a hub for countries in the region including even Kunming in China. We could charge for transportation services to foreign companies that would effectively subsidise faster port facilities that would also enhance Bangladesh competitiveness.

Another major opportunity for Bangladesh is to pursue an "India+1" strategy in the same way that Vietnam has attracted $40 billion of FDI in 2008, in part by being an effective "China+1". By this, I mean that Bangladesh can be an alternative manufacturing hub for global companies and investors who already have over-reliance on India for a wide range of services and products, from IT outsourcing to truck assembly and auto parts. The government should commission a detailed analysis of which companies and investors have entered India in the past 5 years and then have a targeted strategy to persuade them to consider setting up similar facilities in Bangladesh in industries where we have, or can develop, a competitive advantage.

There were a number of calls from businesspeople for Bangladesh to develop a coherent and comprehensive 'India Country' strategy. There was also a suggestion to appoint a cabinet level India minister that would be exclusively mandated to develop and deepen India-Bangladesh relations. In conclusion, the global crisis will likely make frontier markets like Bangladesh of renewed interest to global investors. But let us not overlook one of the largest potential investors next door. I genuinely believe India is an opportunity, not a threat. Let us move forward to moving away from mutual distrust towards establishing mutually beneficial India-Bangladesh relations.

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