

## International Business News

## Economic crisis increase aid for trade need: Agencies

AFP, Geneva

International agencies are set to urge an increase in assistance for trade by developing countries at a conference beginning on Monday, amid fears that aid will be eroded by the economic crisis.

"Aid for trade is needed now more than ever," said the World Trade Organisation (WTO) and the Organisation for Economic Cooperation and Development (OECD) in a report to be discussed during the two-day review conference on the "Aid for Trade" process.

The WTO and OECD found in their progress report that aid for trade grew by more than 10 percent in 2007 compared to 2006, with new commitments reaching 25.4 billion dollars.

However, "the global economic crisis will affect the medium term outlook," it added.

At least 12 projects in Africa had already been hit by the financial turmoil, said the African Development Bank, which approved on Wednesday a 500 million dollar investment to support trade finance.

Among projects delayed by the crisis was a large power project in East Africa, which ran into financing problems after an international investment bank pulled out, said the bank.

The WTO/OECD report emphasised that in the short run such aid for trade "will provide much needed stimulus, through increased infrastructure investment."

## China won't press for new global currency at G8

AP, Beijing

China has no plans to raise its proposal for a new global currency to replace the dollar at the G8 meeting this week but is willing to discuss it, a top Chinese diplomat said, as President Hu Jintao left Sunday for Italy.

China is not one of the Group of Eight major economies but is attending the meeting in the Italian city of L'Aquila as part of a group of five large developing countries.

Beijing called in March for the creation of a new currency, possibly based on the IMF's Special Drawing Rights, created in the 1960s and used as the monetary standard for dealings between the fund and member governments.

"This international financial crisis has fully exposed the weaknesses and loopholes in the international monetary system," a deputy Chinese foreign minister, He Yafei, said at a briefing last week. "If this issue is raised by leaders during the meeting, it is natural, because we are all discussing how to respond to the international financial crisis and promote recovery."

He said Chinese officials have no plans to raise the issue but will discuss it if others raise it.

Hu is expected to press for a bigger role for China and other developing countries in global finance.



AFP An elderly worker sleeps on top of his cart along a street in Manila on Friday. The International Monetary Fund had forecast the Philippine economy would shrink by 1.0 percent this year.

## Nomura breaks into Saudi investment banking market

AFP, Riyadh

Japanese giant Nomura said on Sunday it had launched investment banking operations in Saudi Arabia, becoming the first Asian securities firm to break into the lucrative, rapidly growing market.

The move came after the company was authorised by Saudi Arabia's Capital Market Authority to offer corporate finance, capital market and wealth management services for local clients and also to sell overseas securities locally as an agent.

"A strong local presence is a critical part of Nomura's regional strategy," Nomura's chief executive for Middle East and Africa Philip Lynch said in a statement.

"As the first Asian securities firm in Saudi Arabia, Nomura is especially well placed to bridge and facilitate the growing commercial interests between the Gulf and the Far East and strengthen emerging trading relationships," he said.

Saudi Arabia accounts for around half of the aggregate economy of the six-member Gulf Cooperation Council, he said.

## Taiwan benefits from China's economic stimulus

AFP, Taipei

Taiwan has benefited from its giant neighbour's measures to stimulate its economy by offering subsidies to consumers, the island's government said in a report Sunday.

Taiwan exported 4.65 billion US dollars worth of goods to China in April, down 33.8 percent from a year ago, the Board of Foreign Trade said.

The figure indicated, however, that the sharp decline of the island's export to its leading trading partner had slowed since January, when Taiwan's China-bound shipments plummeted 56.8 percent year-on-year, it said.

"This should have been the result of measures launched by the Chinese authorities to boost its domestic market, spurring its electronics and petrochemical import from Taiwan," it said.

The latest trade figures also indicated Taiwan's economy is becoming more reliant on the Chinese mainland market.

## TELECOM

## Tectonic shift, globally

AHMED ALI, back from Sweden

Carl-Henric Svanberg, the outgoing CEO of Ericsson, made a rather stylish exit, with the closing of two-day Ericsson Business Innovation Forum 2009 just on the eve of the news conference on June 25, where he declared he is moving on to BP as the world's fourth largest company's chairman.

Speakers at the forum that was held at the global telecom giant's headquarters in Kista, the IT capital of Sweden, about half an hour drive from central Stockholm, included senior executives of global business behemoths like Turner Broadcasting Company, Intel, and of course Ericsson.

There were also university researchers, government officials including telecom regulators, and crusaders for Open IPTV, who spoke.

At a gallery full of journalists from almost all continents, all speakers in an unequivocal unanimity said a tectonic shift in the global telecom industry is in the offing, which will be a historic phenomenon of a magnitude no less than the invention of TV or telephony itself. The change will almost certainly affect people's behavioural pattern through modifying their methods of communication, and access to entertainment and information, sparking changes in the business of media, telecom and advertisement as well, as the world makes a permanent leap into the wireless mobile age.

The speakers predicted that the number of subscribers to telecommunication services in the world would hit 50 billion next decade from the current 4 billion, with an overwhelming majority of new subscribers opting for wireless mobile services.

Senior Vice-president and Senior Technology Adviser to the CEO of Ericsson Dr Jan Uddenfeldt said at the forum, "Internet changed telecom, mobility changed internet," declaring that the new era of communication technology will bundle wireless mobile, broadband and internet protocol (IP) -- delivering a variety of services to end users on their cell phone screens.

The need for converging technologies has ushered in collaborative efforts among companies like Ericsson, Intel, CNN, Google, Sony, ST, Nokia, Microsoft and many more.

Uddenfeldt said an 'open mobile ecosystem' will be able to accommodate multiple communication systems offering an open array of choices to users. But that will require a host of innovations including new kinds of chipsets, improvement of wireless and Ethernet technologies, and invention of new mobile phone applications and hand sets. Moreover, there needs to be readjustment of bandwidth allocation for wireless communication necessitating policy regulation readjustments as well.

Intel's Global Director for the Telecom Sector John Woodget said the visceral possibility of mobile broadcast media, ushered in by wireless internet and IPTV, has put chip makers in front of a challenge of inventing new kinds of chips that will enable operators to bundle multiple services, often in cross-sector collaboration.



Ericsson's upcoming President and CEO Hans Vestberg (left), Chairman Michael Treschow (centre), and outgoing President and CEO Carl-Henric Svanberg at a news conference in Stockholm on June 25, declaring the changeover.

He said the number of devices connected to internet is about to grow 6 times by 2020, while network traffic is expected to grow by 300 times. In the near future almost all communication and media devices are likely to possess embedded internet accessibility, he added. Ericsson is collaborating with Intel and also in a joint venture with ST for inventing the new chips.

Dr Jeffrey Cole, director of the Center for Digital Future at Annenberg School for Communication of the University of Southern California, also the director of World Internet Project, said as TV is about to become mobile, cell phones are going to be more powerful in terms of influencing society than TV sets are now, and with the advent of social networking websites and mobile internet cell phones are going to be human's constant companion. The possibility is forcing broadcasting and advertisement companies rethink their approach to business, and innovate new programmes and applications catering to the changing market expectations.

Senior Vice-president of CNN International of Turner Broadcasting Europe Cassey Harwood said mobile broadband internet is the 'big bang' for the media, and non-participation is no more an option for broadcasting and advertisement companies, adding that the new name of the game in broadcasting industry will be 'collaboration'.

He said CNN is already investing more in client expectation research and in programme innovation.

According to Ericsson Business Review, a telecom business journal, AdMob, a mobile advertising company, already took initiatives with iPhone in churning out some mobile ads with participation of companies

like Audi, Volkswagen, BMW, Carling, Heineken, Charmin, Kraft, Nike, Gap, and Coca-Cola.

Against such a backdrop, Ericsson, almost a 133 years old company, with a net sales figure of 209 billion Swedish kronor in 2008 through its operations in more than 150 countries, seems to be hell-bent on staying at the cutting edge of competition for the emerging expanded mobile telecom market.

It is venturing into a plethora of innovations, some of which are in collaboration with rivals like Nokia and others, and were on display at the forum venue, although many are still at research levels.

Under a project titled Labs.Ericsson, it is opening up its telecom capabilities to researchers and developers for open innovation on internet with instant feedback from end users.

It is also delving into mobile telemedicine research through which it would be possible to deliver healthcare and education to patients and health practitioners in remote areas.

Under a project titled AiDeBao it is researching how a small company could market its services and products using mobile internet.

Media Fabric is a project researching how it is possible for media companies and service providers to deliver internet media content to multiple home devices such as TV and gaming consoles through a new technology called Digital Living Network Alliance (DLNA).

Personal Area Mediators (PAM) is a research project which is trying to come up with a way to even communicate scent over mobile phones.

IPTV is a big subject of research for

Ericsson in an effort to gain the capacity to ensure seamless high resolution audiovisual real time wireless data transfer, combining wireless, internet and television broadcasting technologies.

Social Media Portal and PixL8r are projects researching ways to allow users to remotely access their home devices through mobile phones for Converged Multimedia Services that would enable seamless multiple applications over multiple accesses, providing seamless communication for voice, video and chat.

It is also in vigorous research on technologies such as High Speed Packet Access (HSPA) and Long Term Evolution (LTE), which would allow services like interactive TV, video blogging, and advanced gaming over mobile phones.

One of the latest inventions of Ericsson is its new tower tube, made of concrete instead of steel, with a footprint of only 5 metres on the ground and a height of 40 metres, encapsulating all radio base station equipment including the antenna at the top of the tower, cutting the distance between the antenna and the base station. The entire tower and its equipment are cooled by natural air and it produces the required power through solar or wind energy.

Moreover, Ericsson is a part of a consortium of companies funding a multi-million dollar ten-year research project titled Mobile Life, on a campus of Stockholm University situated right in Kista next to the Ericsson headquarters. The project researches mobile phone application innovations for the mobile life of tomorrow.

Ericsson has been in full-fledged operation in Bangladesh since 1997 and is a partner to all major operators in the country.

## AGRICULTURE

## Fears of food shortage stalk Nepal

AFP, Lalitpur, Nepal

Every year, Nepalese rice farmer Ratnakaji Maharjan celebrates the arrival of the monsoon rains by attending a centuries-old festival in this historic town near Kathmandu.

The annual event, in which a huge chariot said to carry the Hindu rain god Machchindra Nath is pulled through the streets of Lalitpur, draws crowds from across the Kathmandu Valley to celebrate and pray for a good monsoon.

But this year, Maharjan's mood was more subdued than celebratory as he queued to worship before the wooden chariot.

"The monsoon is almost a month late," complained the 35-year-old, whose family has farmed here for five generations.

"The weather patterns seem to have changed, and we don't know how to adjust."

Nepal's long-delayed monsoon finally arrived in the Kathmandu Valley on Monday, allowing local farmers to begin transplanting their seedlings to the waterlogged rice paddies after weeks of anxious waiting.

But there are fears the delay could prove devastating for this year's rice crop, and experts say the increasing unpredictability of the weather is causing huge problems for farmers in one of the world's poorest countries.

"The monsoon this year started around three weeks late," said Krishna Prasad Paudyal, senior scientist with the government-funded Nepal Agriculture Research Council.

"This was a major setback for rice planting, which requires lots of water. The delayed monsoon meant a lot of young seedlings died, and even those that could be planted won't have time to mature enough to yield a good crop."

Rice accounts for almost 50 percent of cereal production in Nepal, which is particularly dependent on rainfall because less than one-third of its agricultural land is irrigated.



A Nepalese farmer prepares to plant rice in a paddy field in Jeetpur village on the outskirts of Kathmandu on Wednesday. Nepal's rice planting season finally began with the arrival of the monsoon this week, but farmers in the desperately poor Himalayan nation say the late arrival of the rains will mean crop failures and food shortages.

The delay to the monsoon came after the landlocked country suffered its driest winter for 40 years, resulting in a fall of 20-25 percent in the production of wheat, Nepal's

second-biggest crop after rice.

Three years after Nepal's decade-long civil war came to an end, the World Food Programme (WFP) says many people are

still living in near-crisis conditions, with 41 percent of the population undernourished.

Almost one in four Nepalese people live on less than a dollar a day, and around 2.7 million depend on WFP food aid.

"There are 16 districts that are highly or severely food insecure as a result of the drought and underlying factors like high food prices and poverty," WFP country director for Nepal Richard Ragan told AFP.

"WFP has food-for-work projects in these districts, but we are rushing to include people living in drought-affected villages not covered under our activities."

Ragan said the latest drought was particularly devastating because it followed more than 18 months of high food prices and years of poor crop production in many areas.

"Many people have used up all of their food and cash reserves and are now forced to take drastic measures to survive -- like skipping meals and selling off agricultural assets," he added.

Some local officials are predicting worse to come if this year's rice harvest is poor.

Balagobinda Pathak, a government agriculture official in western Achham district, said he was expecting serious food shortages later in the year.

"Last winter, food production was down by 60 per cent decrease due to erratic weather and some floods," he said.

"This year, 50 per cent of crops have already been destroyed due to lack of rainfall. We will see a massive food crisis later this year."

Experts say Nepal is unprepared for the changing weather patterns, and will have to do more to adapt to rising temperatures and increasingly erratic rainfall.

"What we have seen lately is not just a change in the weather, but extreme variability in weather patterns," said Pitamber Sharma, a professor and expert on urban and rural planning.

"These kind of erratic weather patterns will have a huge impact on farming and cultivation."