

International Business News

Singapore will slow down migrant intake

AFP, Singapore

Singapore plans to slow its intake of foreigners to ease discontent at home but needs sustained immigration in the long term, Prime Minister Lee Hsien Loong said in remarks published Wednesday.

"We know we cannot take in unlimited numbers of foreign workers," Lee said at a dialogue with university students late Tuesday, according to The Straits Times newspaper.

"We already have almost a million foreigners working here. I cannot imagine simply expanding year after year, and having two million workers here one day."

Singapore is undergoing its worst recession since independence in 1965 and more than a million foreign workers and their family members now live in the city-state out of a total population of 4.8 million in 2008.

It does not produce enough babies to replenish the local population and lacks skilled manpower particularly in the services sector, forcing firms to recruit overseas staff, many of whom end up staying permanently.

In letters to newspapers and online chat forums, some Singaporeans have openly questioned the massive influx in recent years and expressed fears of losing out to newcomers in the workplace, schools and social services.

NKorea extends economic drive after missing goals

AFP, Seoul

Communist North Korea has extended a 150-day "battle" to revive the economy after apparently failing to achieve its goals, a South Korean minister said Wednesday.

Analysts said the campaign made short-term achievements but failed to tackle the fundamental problems plaguing the impoverished state's command economy.

The drive was due to end Wednesday but has been extended by 100 days, Unification Minister Hyun In-Taek said.

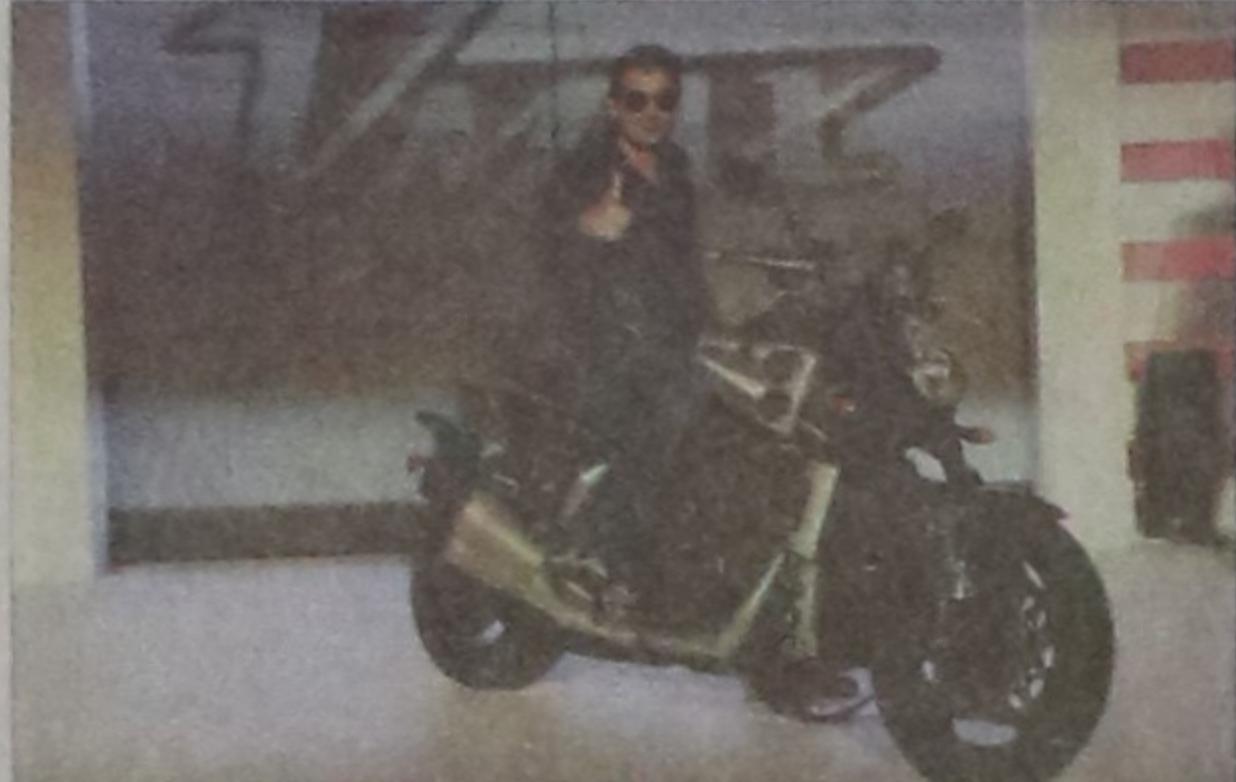
"The North maybe failed to achieve the goals presented before the 150-day campaign and felt the need to extend it," Hyun told a seminar.

During the "150-day Battle" launched on April 20, citizens were told to work harder and for longer hours to lay the foundations for a "prosperous and powerful socialist state" by 2012.

"Our goals are high but our time is running short," leader Kim Jong-il was quoted as telling party leaders in June.

Official media Wednesday hailed successes.

State radio said a construction equipment factory at Sariwon, south of Pyongyang, "accomplished its production goal by 128 percent with a technology innovation movement."



Indian actor and Yamaha brand ambassador John Abraham launches the Yamaha VMAX super bike in New Delhi yesterday. The motorcycle is priced at 2,000,000 rupees (\$41,439).

Sri Lanka sets minimum hotel rates

AFP, Colombo

With tourism booming in Sri Lanka following the end of decades of ethnic conflict, authorities have ordered hotels in the capital to increase room rates and curb an aggressive pricing war.

Luxury hotels in Colombo will be forced to charge a minimum of 90 dollars a night, while stays in cheaper hotels are set to rise to 40 dollars from November, said M. Shanthikumar, president of the City Hotels' Association.

"The government thinks the time is ripe to set a floor price, then everyone can survive and make money," Sri Lanka Tourism chairman Bernard Goonetillake said.

Rates of some 3,000 hotel rooms in Colombo currently range between 35 and 120 dollars. The number of foreign visitors has risen steadily since security forces crushed the long-running Tamil Tiger separatist insurgency in May.

The number of holiday-makers to the tropical island rose 34.3 percent to 41,207 in August over the same period in 2008, boosted by key markets in Britain, Germany and India, according to official figures.

Eurozone deflation prospects diminish

AFP, Brussels

The prospect of sustained deflation across the countries that use the euro dimmed on Wednesday as final European Union figures for August confirmed a sharp slowing of price drops.

The cost of living throughout the 16 single-currency countries fell by 0.2 percent in August over 12 months -- far less than the record 0.7 percent fall in July, the official Eurostat EU data agency announced.

After figures on Monday showed that the eurozone is expected to have emerged from its worst recession since World War II by the end of this month, these latest results further boost hopes of an economic rebound.

The latest inflation figures marked the third monthly drop in a row for consumer prices, itself the first decline since households began paying for goods in euro notes and coins at the start of 2002.

And despite signs of price stabilisation, the overall rate remains far removed from the rate of 3.8 percent inflation a year earlier.

TECHNOLOGY

Taiwan's chip makers face dangers

AFP, Taipei

Taiwan's chip makers, powerful drivers of growth on the island, may have survived their worst crisis ever, but lacklustre sales and new rivals still make these risky times.

The local semiconductor industry, the fourth-largest in the world, saw sales soar by a steep margin in the second quarter, but is set to become markedly less feverish in the third quarter, analysts argued.

"The slowing pace of growth shows the global recovery may not be as fast as previously anticipated," said Mars Hsu, a Taipei-based technology analyst with Grand Cathay Securities.

In the three months to June, combined revenues of the island's chip makers soared 69.2 percent from the previous quarter to 136.2 billion Taiwan dollars (4.18 billion US dollars), the Taiwan Semiconductor Industry Association said.

This followed a record 33.7 percent quarter-on-quarter drop in the three months to March for an industry that, more than any other, helped give Taiwan its reputation as a high-tech island.

The pickup in sales in the second quarter was largely due to unique factors, such as a need among clients to rebuild inventories after the immediate shocks of the worst crisis in decades.

"Clients found their inventories were low as a result of the uncertainty that gripped the market after the crisis last year," said Peng Mao-jung, an analyst of the quasi-official Industrial Technology Research Institute.

Contributing to the fast pace of growth in the second quarter was also another one-off factor -- a rush of orders from the mainland after the Chinese government adopted massive stimulus spending to lift its flagging economy.

One-offs do not last long, and analysts suspect that the industry may be losing momentum with Peng forecasting growth of just 17 percent in the third quarter from the second.

The 17-percent growth forecast is



This undated handout photo provided by Taiwan Semiconductor Manufacturing Co Tuesday shows technicians wearing head-to-toe "bunny suits" as they work in a cleanroom of the company's semiconductor manufacturing plant. Taiwan's chip makers, powerful drivers of growth on the island, may have survived their worst crisis ever, but lacklustre sales and new rivals still make these risky times.

shared by United Microelectronics Corp., the world's number two contract microchip maker.

The company has said its demand in the third quarter, a typically busy period of the year for the chip industry, has slowed because of rising economic uncertainties.

The upshot is that the island's chip output will reach 541.5 billion Taiwan dollars this year, marking a 17.2 percent fall from the previous year.

"Basically, despite the strong rebound in the recent months, this is not going to be a good year for the local semiconductor industry," Peng said.

On top of this, the island's chip manufacturers are now bracing themselves for a challenge from an unusual quarter -- the Middle East.

Abu Dhabi investment firm Advanced Technology Investment Company (ATIC) has offered to buy Singapore's Chartered Semiconductor for 3.9 billion US dollars.

in the global chip industry facilitated by the financial crisis, observers argued.

"The global recession has opened up a number of opportunities for the strong to get stronger," said Len Jelinek, a chief analyst at the iSuppli Corp., a California-based research and consultancy firm.

"(This is) causing a dramatic shift in who will be the leaders in the pure-play foundry market for years to come," he said.

OUTSOURCING

Welcome to Dalian, the Bangalore of China

AFP, Dalian, China

Once a simple port city on China's northeast coast, Dalian is now the hub of the country's booming outsourcing and IT industries, with dozens of the world's top high-tech firms on site.

In little more than a decade, the city -- located where the Bohai and Yellow Seas meet -- has become home to seven massive business parks, spread out along 30 kilometers (20 miles) of rolling green hills.

About 70,000 people work here for more than 700 companies, more than half of which are foreign-owned or contain foreign capital, according to officials, who say that more than 2,000 companies could be set up here by 2013.

"Dalian has become China's number one spot for outsourcing," both in terms of call centres and management facilities, said Chuck Shi, deputy director of the high-tech zone.

The Chinese port city is following in the footsteps of Bangalore, which became India's high-tech hub and the world's back-office for outsourcing and off-shoring, with 650 foreign and domestic IT firms on the city register.

The result of Dalian's focus on IT has been that economic growth has topped the already impressive national average in recent years, and the city for the second time recently hosted the World Economic Forum's "Summer Davos in Asia".

"The theme of this year's meeting was the resumption of growth. We've faced up to that test pretty well. We posted 11.6 percent growth in the first half," said the city's Communist Party boss, Xia Deren.

The city's main high-tech complex, Dalian Software Park, is home to about 470 companies, 40 of which are on the Fortune Global 500 list.

General Electric was the first foreign company to set up shop, and others quickly followed: US



This handout file picture received in September 2007 shows a bird's eye view of the city of Dalian, the host to the World Economic Forum's summer meeting in northeastern China's Liaoning province. Once a simple port city on China's northeast coast, Dalian is now the hub of the country's booming outsourcing and IT industries, with dozens of the world's top high-tech firms on site.

computer giants such as Dell, Hewlett-Packard and IBM; Finnish mobile phone maker Nokia; and Japanese electronics firm Sony, to name a few.

provinces, which used to rely on heavy industry that underwent restructuring in the 1990s.

The transformation of Dalian from a naval construction site and a petrochemicals hub to a high-tech centre came in large part thanks to one time mayor Bo Xilai, who later became China's high-profile trade minister.

But even if the decision was political, the money has all been private.

The next phase of the Dalian Software Park -- four times bigger

than the current complex -- should be completed within 10 years, with a total of about 15 billion yuan (2.2 billion dollars) invested.

Some of the city's more than 20 universities -- many of them specialising in science, technology or foreign languages -- are expected to set up there, giving Dalian an extra competitive advantage.

The port is hoping to draw even more call-centre and outsourcing business from both South Korea and Japan -- each a stone's throw away -- by offering a highly-trained workforce with top-notch language skills.

Curtis Eubanks, chief of British Telecom's call centre here, told AFP at the 10th anniversary of the park last year Dalian was an unbeatable location.

"Dalian has an impeccable reputation in this area. Amassing such a talent pool in other countries, or even elsewhere in China, would be more difficult and more expensive," Eubanks said.