

International Business News

WB arm debuts Islamic bond listing in Middle East

AFP, Washington

The International Finance Corp., a wing of the World Bank, said Wednesday it would list its first Islamic bond in the Middle East.

The IFC Hilal Sukuk, a greenback-denominated 100 million dollar issue with a five-year maturity, will be listed with the Nasdaq Dubai and Bahrain stock exchanges, the Washington-based corporation said.

Sukuk is similar to a bond in Western finance but complies with Islamic Shariah law, which forbids charging interest.

"The Sukuk is an innovative way for IFC to create opportunities for Islamic investors who want to make a positive social impact," said IFC chief executive Lars Thunell.

"It also supports the World Bank Group's goals to integrate the Arab world into the global economy and offer greater opportunities for its people," Thunell said.

The IFC is the first non-Islamic financial institution to issue a Sukuk for term funding in the six-nation Gulf Cooperation Council, which comprises Kuwait, Saudi Arabia, United Arab Emirates, Qatar, Oman and Bahrain.

Cost-cutting helps Yahoo! triple profit

AFP, New York

Aggressive cost-cutting moves helped Yahoo! more than triple its net profit despite a 12-percent decline in revenue as the Internet company reported its third quarter results on Tuesday.

Yahoo! said net profit soared more than 244 percent in the third quarter to 186 million dollars, or 13 cents per share, from 54 million dollars, or four cents per share, a year ago, easily surpassing analysts' forecasts.

Wall Street analysts had been expecting earnings of seven cents per share for the quarter which ended September 30 and revenue of 1.12 billion dollars.

The Sunnyvale, California-based Yahoo! said revenue declined 12 percent in the quarter to 1.57 billion dollars from 1.79 billion dollars a year ago.

Yahoo! said that it expected fourth-quarter revenue of between 1.6 billion dollars and 1.7 billion dollars, better than the 1.22 billion dollars forecast by analysts.

The better-than-expected performance was due in large part to cost-cutting measures implemented by Carol Bartz since being named in January to replace Yahoo! co-founder Jerry Yang as chief executive.



AFP

A Thai employee works next to a shop's promotional advert in Bangkok yesterday. The average salary in the country this year grew at a slower pace of 5.12 percent than last year's 6.2 percent as recession put pressure on corporate cost control, according to a survey.

India's economy seen growing 6.5pc this year

AFP, New Delhi, India

India's economy has withstood the global financial crisis well and should grow by 6.5 percent this fiscal year, a top government panel forecast Wednesday.

The panel, which advises India's Prime Minister Manmohan Singh on economic policy, put the estimated growth range for the country between 6.25 percent and 6.7 percent for the fiscal year ending March 31, 2010.

But "our best estimate is that the economy will grow by 6.5 percent," C. Rangarajan, chairman of the Economic Advisory Council, said.

He forecast growth for next year at between seven and eight percent.

"The economy has weathered the financial turbulence quite well," the former central bank governor told reporters in New Delhi.

The projected growth rate would make India's economy "possibly the second-fastest growing in the world," he said.

Asia's third-largest economy had faced the "full fury of the international crisis" last year but this year should face a "global situation that might be better," he added.

Sun cutting 3,000 jobs, blames Oracle takeover delay

AFP, New York

Sun Microsystems said Tuesday it is cutting 3,000 jobs over the next 12 months because of its delayed takeover by US business software giant Oracle.

In a filing with the US Securities and Exchange Commission (SEC), Sun said the layoffs were part of a restructuring plan brought about by the hold on its 7.4-billion-dollar purchase by Oracle.

"In light of the delay in the closing of the acquisition of the company," Sun said its board of directors had approved the job cuts "to better align the company's resources with its strategic business objectives."

The Santa Clara, California-based Sun, which employs more than 33,500 people worldwide, said the move will result in charges of between 75 million dollars and 125 million dollars over the next several quarters.

COLUMN

PPP in investment promotion

IFTY ISLAM

Previously, I discussed public private partnerships (PPP), the importance of effective nation branding to attract more foreign direct investment, as well as learning from some of our dynamic regional neighbours.

In today's column, I want to outline a recently announced initiative in India for investment promotion that combines all of the above themes and one that I believe Bangladesh should also consider implementing.

Last month, in an innovative new strategy to attract more FDI, India's commerce and industry ministry has decided to set up a company -- Invest India. At a press conference on September 9, Shri Anand Sharma, union minister of the ministry, stated the proposed company will be a joint venture between the Government of India, Federation of Indian Chambers of Commerce and Industry (FICCI) and state governments.

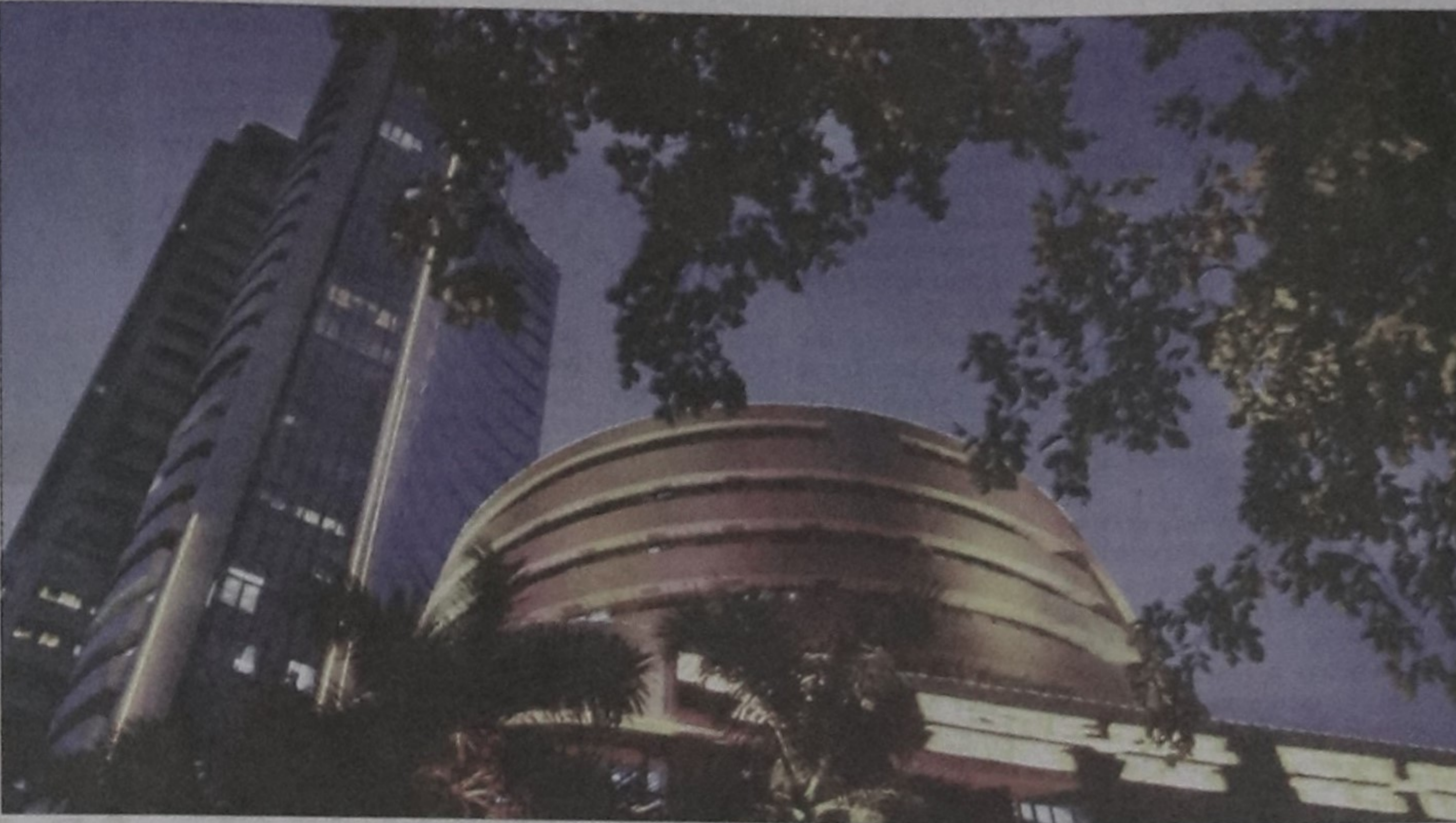
The Indian government emphasised the proposed company will be responsible for promoting foreign investment into the country in a more focused and structured manner. A press release states: "The company will assist the government in its efforts towards projecting India as an attractive investment destination for foreign investors and facilitating them in identifying and realising investment opportunities in India."

The management structure of the proposed company will comprise a board of directors with six members each from the Department of Industrial Policy and Promotion (DIPP) and FICCI. The DIPP secretary will be its non-executive chairman. The board of directors will appoint a managing director and FICCI will provide administrative, personnel and management support for day to day functioning of the proposed company.

What really stands out is the equity shareholding: FICCI will have 51 percent share and DIPP will have 49 percent. DIPP's share will reduce overtime to 35 percent of paid-up capital with induction of fresh equity by the state governments.

Sharma said: "The unique feature of this company is the partnership between the private sector organisation, the government and the state government(s). This is unlike anywhere else in the world and seeks both to leverage the synergies of all three as well as address their investment priorities."

Among other things, Invest India will act as the first reference point for any investor interested in India and will also facilitate setting up business within the country, by making available sector wise consultants and coordinating with the state government on feasible measures. It will conduct capacity building exercises at the state government level to create an investor friendly environment.



AFP

The Bombay Stock Exchange building is seen illuminated during a special trading session on the occasion of Diwali, the Festival of Lights, in Mumbai on Saturday. India received \$3.52 billion of FDI in July 2009 alone, but is still searching for new innovative ways to catch up on China in attracting foreign investment, especially after the shocks of the global financial crisis of 2008.

It will also undertake promotional work by expanding investor awareness beyond the metros. The company will assist DIPP and other ministries and departments in investment promotion projects or events and any other activity within the ambit of investment promotion.

What strikes me as impressive about this initiative is that India received just \$3.52 billion of FDI in July 2009 alone but they are still searching new innovative ways to catch up on China in attracting FDI, especially after the shocks of the Global Financial Crisis of 2008.

Even before this, the "Incredible India" campaign was spectacularly successful. India dominated the Davos World Economic Forum meetings ever since 2006, when several companies banded together to launch a marketing assault that included handing out iPods to all delegates, flying in the country's best chefs and plastering "India Everywhere" posters around the Swiss mountain town.

The logic of applying this strategy to Bangladesh is compelling. Surely leading industrialists should be the most effective promoters of their sectors, knowing not only the broad profiles but also specific investment and joint venture opportunities.

Another major function for our Board of Investment (BoI) is investment facilitation and again on this front, FBCCI should also be a natural joint venture partner.

Surely entrepreneurs know best what regulatory and other government impediments need reforming to make foreign investment easier. Yes the FBCCI president currently sits on the BOI board, but that is not going nearly far enough.

The India Invest concept applies that on a much broader level empowering the private sector to take equal responsibility with the government in promoting the country to foreign investors as well as investor facilitation to ensure they have a positive and profitable experience once they actually invest.

A few words of caution that we need to address -- the need to build capacity not only in the BOI but also FBCCI itself. I had the privilege of sitting next to FICCI Secretary General Amit Mitra when he accompanied the 53-company FICCI delegation to Dhaka in August. He mentioned that FICCI on its own has 200 full time economists/research staff out of a professional staff of 400. By contrast, both the FBCCI's and the BOI's research capacity is woefully limited.

In discussing this, an oft-heard response is -- "If you cannot compare India and Bangladesh" or "we are tiny and they are a new economic superpower". But we simply cannot accept such excuses.

Bangladesh's GDP is around \$90 billion this year and will reach \$100 billion next year. So we have one twelfth of India's GDP and one eighth of their population. So we should at a minimum aim to have FBCCI and BoI equipped with a 20-person research staff.

None of us should accept that

Bangladesh has any less potential than India. No-one could have imagined in 1992 when India was almost bankrupt as a nation and going to the IMF for emergency funding that it would have more \$ 300 billion of reserves and be one of Asia's powerhouses 19 years later. Bangladesh should be similarly ambitious.

Coming back to a game plan, why not develop the capacity of BoI and FBCCI jointly under a similar initiative to the "India Invest". We can set up a newly incorporated investment promotion company jointly driven by the public and private sectors. A number of proposals to restructure and strengthen BOI are on the table to be considered by the cabinet.

Why not expand the focus to include a joint initiative with FBCCI. This could also include joint Brand Bangladesh Road shows in key investment centres over the coming year.

PPP has become a buzz phrase in 2009. But PPP in investment promotion has perhaps the largest potential to make a difference to our economy. We have a new BoI chairman who is an extremely experienced civil servant who has been given the rank of minister -- an encouraging sign of the importance the government gives to BoI. Supporting a similar initiative to "Invest India" for Bangladesh should be something he might consider to reinvigorate Bangladesh's FDI strategy.

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ANALYSIS

China to overtake Japan

AFP, Beijing

China will overtake Japan to become the second largest economy in the next two years, giving Beijing greater clout on the world stage and boosting the ruling Communists' stature at home, analysts say.

Figures to be released this week in Beijing are expected to show the economy expanded 9.5 percent in the third quarter, further narrowing the gap with Japan which may only post one percent growth for the period, economists forecast.

China is expected to unseat its Asian rival from the position it has held for more than 40 years in 2010 or 2011, though analysts say the shift in the global economic hierarchy will be largely symbolic with little impact on trade.

"China is already close to Japan in overall size so becoming the world's number two doesn't really have any substantive implications," Todd Lee, an analyst at IHS Global Insight, told AFP.

"Rapid economic growth will give China more weight in the global arena... and bragging rights and additional ammunition for the Chinese Communist Party to encourage national pride."

Before the global crisis struck, China had posted double-digit annual growth from 2003 to 2007 and again in the first two quarters of 2008, pushing its gross domestic product to 4.3 trillion dollars, according to World Bank data.

Last year, US GDP was at 14.2 trillion dollars and Japan's economy was worth 4.9 trillion dollars, the data showed.

Eric Fishwick, head of economic



AFP

A Chinese student from a technical institute races a hybrid concept vehicle designed by his team, in Xiamen in China's Fujian province. China will overtake Japan to become the second largest economy in the next two years, analysts say.

research at CLSA Asia-Pacific Markets in Hong Kong, said the timing of China's ascendancy to number two was a "matter of arithmetic."

"Clearly it's going to happen -- a combination of rapid Chinese growth and pretty stagnant Japanese growth," Fishwick told AFP.

"If you are looking for the footprint that each has on the rest of the world, then looking at the incremental growth is much more important. When you do that then China has been more significant than Japan for quite a long time."

After slumping to 6.1 percent growth in the first quarter of 2009 -- the slowest pace in 20 years -- China rebounded in

the second quarter, with 7.9 percent growth and it is expected to exceed eight percent for 2009 as a whole.

The turnaround in China -- underpinned by a four-trillion-yuan (\$66-billion-dollar) stimulus package and 7.4 trillion yuan in bank lending in the first half -- has been in stark contrast to the situation in Japan.

Japan emerged from a year-long recession in the second quarter of 2009, but the economy is expected to contract by 6.0 percent for the year before growing by an anaemic 0.9 percent in 2010, according to the Organisation for Economic Cooperation and Development (OECD).

Microsoft makeover

BBC NEWS

Personal computers are about to get a makeover with the launch of the latest Windows operating system.

Microsoft is hoping the successor to Vista will be more of a hit with users when it launches today.

Many of the features take into account multimedia applications and the fact that users are beginning to store their data on the internet.

In the UK some computer stores are due to open at midnight so keen PC users can get their hands on the software.

Microsoft has also encouraged people to hold Windows 7 launch parties and has gone as far as to prepare party packs for those willing to get their friends together to mark the release.

PC World said it would open its flagship store on London's Tottenham Court Road at midnight on October 21 to sell the operating system.

Tech support staff will be on hand to answer queries about installing the software.

Despite this, the launch of Windows 7 is likely to be a low-key event compared to launches of earlier incarnations of Windows. In the past Microsoft has called on the Rolling Stones and comedian Jerry Seinfeld to help launch its new operating system.

The formal launch will take place over several days in New York at a series of events that will see appearances by Microsoft boss Steve Ballmer and other senior executives. Many PC firms are expected to unveil Windows 7 machines on launch day.

Microsoft has partnered with Seth MacFarlane, creator of Family Guy, to produce a Windows 7 themed TV show that will air on 8 November.

The launch of Windows 7 also coincides with the opening of the first Microsoft retail store in Scottsdale Arizona that will showcase and sell Microsoft compatible goods. A second store is planned for a mall called Mission Viejo in California.