

International Business News

Dubai unveils \$6.5b borrowing plans

AFP, Dubai

The Dubai government has unveiled plans to raise 6.5 billion dollars through bonds, Emirates Business 24/7 reported on Monday, citing a prospectus for potential investors.

The borrowing programme will be divided into four billion dollars in a euro medium-term note (EMTN) and a 2.5-billion-dollar Islamic bond issue, or sukuk, Emirates Business said.

The Dubai Government said the new EMTN debt may be listed on the London Stock Exchange (LSE) and the Dubai Financial Market (DFM), the paper said.

The lead arrangers for the EMTN are Mitsubishi UFJ Securities International, Standard Chartered Bank and UBS Investment Bank.

Officials who addressed investors in Dubai on Sunday said the lead managers of the sukuk issue are Dubai Islamic Bank, Mitsubishi UFJ, Standard Chartered and UBS Investment Bank.

"I am sure the issue will get oversubscribed as there are eager investors who want to pick up a portion of the Dubai debt, especially because I am sure it will be issued at a comfortable price," a top foreign bank official told Emirates Business.

EC warns three airlines over tie-up plans

AFP, London

The European Commission has told British Airways, American Airlines and Iberia that they may have to give up take-off and landing slots to be allowed to press ahead with a transatlantic tie-up, the FT reported on Monday.

The Financial Times, which cited documents relating to the matter, reported that the EC said an agreement between the three groups was "likely to result in appreciable competitive harm" on seven Europe-US transatlantic routes.

The EU's competition regulator "envisages issuing a decision finding that the series of agreements signed have been in breach" of competition laws and would order that the "infringements" are ended, the financial daily added.

"Remedies may include ... the transfer of airport slots" to rival airlines, the EC added, according to the documents obtained by the FT.

The three airlines revealed on August 14 last year that they had signed an agreement to cooperate on flights between North America and Europe to help them to overcome soaring fuel costs and falling demand.



A saleswoman (L) stands in a fashion boutique in Beijing yesterday. The world's third largest economy had expanded by 7.9 percent in the second quarter and 6.1 percent in the first three months of the year -- the slowest rate in more than a decade due to the impact of the global financial crisis.

S Korea's economy grows at fastest rate for seven years

AFP, Seoul

South Korea's economy grew at its fastest pace for more than seven years in the third quarter, official figures showed Monday, as Asia's economies lead the world out of its slump.

Gross domestic product rose 2.9 percent quarter-on-quarter in July-September and 0.6 percent compared with a year earlier, the central Bank of Korea said in an advance estimate.

The quarter-on-quarter growth was the country's fastest since 3.8 percent in January-March 2002.

Asia's fourth largest economy had recorded a 2.6 percent gain quarter-on-quarter in April-June but the figure represented a 2.2 percent contraction year-on-year.

On a year-on-year basis, Monday's figures showed that GDP turned positive for the first time in four quarters.

"Industrial output, led by chips and automobiles, posted robust growth in the third quarter," the bank said in a statement. "Private consumption and facility investment also grew, contributing to growth."

ING to raise 7.5b euros to repay govt, restructure

AFP, The Hague

Dutch banking and insurance group ING said Monday it plans to restructure its business, selling off its insurance operations and raising up to 7.5 billion euros to pay back government emergency funding.

"ING announced today that it will move towards a separation of its banking and insurance operations, clarifying the strategic direction for the bank and the insurance company going forward," the group said in a statement.

In order to repay government funds extended at the height of the global financial crisis, "ING plans to launch a capital increase ... of up to 7.5 billion euros" (11.25 billion dollars).

REGIONAL SUMMIT

Asian nations jostle for power

AFP, Bangkok

Asia's moves toward an EU-style community covering half the world's population have sparked a backroom power play led by the United States, China and Japan, diplomats and analysts said Monday.

Leaders at a summit of 16 nations meeting in Thailand at the weekend heard the prime ministers of Australia and Japan set out competing visions for a regional bloc that would boost Asia's global clout.

But beneath the talk of unity and the "Asian Century" lie intense diplomatic manoeuvres, with countries desperate to avoid being marginalised in a new regional framework that could still be years off.

"The waters may be calm on the surface, but the undercurrent is sometimes turbulent," a veteran Southeast Asian diplomat told AFP after the summit in the Thai beach resort of Hua Hin.

A central question is the role that the United States and China would play in any future grouping.

"Some countries want the United States to be part of a future regional framework as a counterbalance to China's influence," the diplomat said, asking not to be named.

Japanese premier Yukio Hatoyama, who pushed his plan at the summit for an East Asian community that could "lead the world", would not be drawn on the extent of proposed US involvement despite Tokyo's close ties to Washington.

But Australian leader Kevin Rudd's vision for an Asia-Pacific Community by 2020 explicitly includes Washington.

"Whether we like it or not, I think we could not avoid a US role because the US is a big country



Asean+6 leaders pose for a group photo prior to a gala dinner as part of the 15th Association of Southeast Asian Nations Summit in Thailand on Saturday: (front row L to R) Republic of Korea's President Lee Myung-Bak, India's Prime Minister Manmohan Singh, Australia's Prime Minister Kevin Rudd, Thailand's Prime Minister Abhisit Vejjajiva, China's Prime Minister Wen Jiabao, Japan's Prime Minister Yukio Hatoyama, New Zealand's Prime Minister John Key (back row L to R) Indonesian President Susilo Bambang Yudhoyono, Laotian Prime Minister Bouasone Bouphavanh, Malaysian Prime Minister Najib Razak, Philippines' President Gloria Arroyo, Singapore's Prime Minister Lee Hsien Loong, Vietnam's Prime Minister Nguyen Tan Dung, Myanmar's Prime Minister Thein Sein, Sultan of Brunei Hassanal Bolkiah, Cambodian Prime Minister Hun Sen and Asean Secretary General Surin Pitsuwan.

which has powers both in economic and security matters," said Chaiwat Khamchoo, an analyst at Bangkok's Chulalongkorn University.

"Some countries in the region are suspicious of each other so they want the US to play a role."

After the distractions of Iraq and Afghanistan, the United States has only recently re-engaged with the region, particularly in Southeast Asia where Washington's hard line on military-ruled Myanmar kept it at a distance.

With Japan kept busy by its economic woes, China has boosted its influence across the

region in recent years, signing a free trade agreement with the 10-member Association of Southeast Asian Nations (Asean).

India has tried to play catch-up, belatedly signing its own trade pact with the bloc.

Russia has meanwhile applied to join the East Asia Summit, this weekend's meeting which groups Asean with China, Japan, South Korea, India, Australia and New Zealand.

But next month US President Barack Obama will hold the first ever summit with Asean leaders, as well as attending the Asia-Pacific Economic Cooperation forum in Singapore.

Earlier this year US Secretary of

State Hillary Clinton announced that the "US is back in Southeast Asia".

Malaysian Prime Minister Najib Razak said in an interview with the Bangkok Post published Monday that any future Asia-wide community "must engage" with the United States.

"We should see to what extent we can integrate them (the United States) into the East Asian Community," he said.

And while the big players jockey for position, Asean itself is trying to stay in the driving seat of any new grouping.

This is based on the fact that it already hosts the main annual meetings with the region's major

powers, especially the East Asia Summit.

But Asian leaders did appear to agree at this weekend's summit that they need some new framework to hold together their diverse and sometimes fractious region.

A closer community would help Asia capitalise on its relatively quick recovery from the global economic crisis and to cut its dependence on the West to drive growth, they said.

Thai Prime Minister Abhisit Vejjajiva said in his closing remarks to the summit on Sunday that the "old growth model" in which Asia relies on consumption in the West "will no longer serve us as we move into the future."

EXPORT

Fair Trade stands by West Bank farmers

AFP, Jenin, West Bank

In the stylish olive oil bottles on display in his West Bank showroom, Nasser Abufarha has found a way to pass on to socially conscious Western shoppers the costs exacted by the Israeli occupation.

As one of the West Bank's first certified Fair Trade exporters, his Canaan Fair Trade company has helped Palestinian farmers hemmed in by Israeli restrictions by adding a social premium to the cost of their olive oil.

"The producer's story is integrated into the product," says Abufarha, who got the idea from the Fair Trade coffee sold on the campus of the University of Wisconsin in the United States, where he earned his PhD.

"People are buying it because it's from Palestine, because it has this social effect on the ground. Plus it's good olive oil."

The Fair Trade movement has traditionally aided small growers across the developing world by placing a social premium on coffee and other products that has allowed them to compete with larger producers.

Abufarha believes the same principle can allow Palestinian farmers to thrive amid the Israeli restrictions in the occupied territories.

Since he founded Canaan Fair Trade in 2004, the company has expanded to include a cooperative of more than 1,700 farmers in the northern West Bank, all of whom are paid more than the market price for their products.

The cost is borne by socially conscious consumers in Europe, North America and Japan, and encourages the farmers to remain on their land and secure international Fair Trade and organic certification.

"Fair Trade gives them a better market for their goods so that there can be an economic benefit to working the land, not leaving it



Palestinian workers pack bottles of olive oil at the Canaan Fair Trade company in the village of Burqin near the West Bank city of Jenin on October 17. The West Bank's first certified Fair Trade exporter Nasser Abufarha has found a way to pass on to socially conscious Western shoppers the costs exacted by the Israeli occupation.

to look for work in Israeli factories or construction sites," Abufarha says.

The olive trees that line terraced hillsides across the West Bank are a major component of the local economy and a symbol of Palestinian nationhood.

But many of the farmers who work with Canaan are kept from their trees by Israel's controversial separation barrier, which is intended to prevent attacks but has been mostly built on Palestinian land.

Others face harassment from Jewish settlers, who in past years have disrupted the annual autumn olive-picking season by

attacking farmers and burning down their trees.

Under the rules of Fair Trade, all of those costs -- along with a profit margin and a social premium -- are incorporated into the price paid to farmers.

A 375-ml bottle of Canaan olive oil sells for 16 dollars (11 euros) in North America, around four times the local West Bank price. The company also markets sun-dried tomatoes, almonds, honey and olive oil soap.

"Fair Trade has always paid a higher price for production because it meets international specifications, which is good for prices and good for farmers," says

Samer al-Ahmed, the head of the non-governmental Palestinian Agricultural Relief Committee in Jenin.

In the nearby village of Anin, where some of Canaan's products are grown, the farmers must every day pass through an iron gate in the thick, barbed wire fence separating the village from much of its olive groves.

Israeli soldiers open the gate every morning from 6-7 and every afternoon from 3:30-4:30 during the harvest to allow local families to tend their groves, but access is more restricted during the remainder of the year.

Muthir Yassin, 27, a farmer

who works with Canaan, has seen his holdings dwindle because of the difficulty of maintaining the trees.

"In 2002 I had 250 trees. Now I just have 40 or 50, and in another few years I might not have any," he says.

The idea of fair trade has been slow to catch on. He and other farmers say Canaan gives them a higher price but also pays in installments over a period of several months.

"I am going to sell to the local market because I can get paid directly," Yassin says. "I can't wait the entire year to make money."

Abufarha explains that last year there was a delay in obtaining one of the company's many international certifications, forcing it to wait until late January to sign contracts with buyers and delay the payments to farmers.

He insisted that all farmers would be paid on time for this year's harvest, and the Palestinian Farmers' Union representing some 1,350 area growers has strongly endorsed the fair trade concept.

But the farmers in Anin fear that no outside initiative will prevent the creeping loss of their livelihood.

Abdullah Zaarur, 52, a farmer with some 1,260 trees beyond the fence, worries not only about the Israeli restrictions, but this year's olive crop, which is expected to be extremely weak because of strong spring winds that blew away most of the blossoms.

"I should be producing 70 tonnes of olive oil each season but this year I'll be lucky if I get two tonnes," he says.

For Zaarur, the lucrative markets of Europe and Japan are worlds away -- and his olive trees on a hazy hillside beyond the fence might just as well be the same for much of the year.

"I can see my trees, right there," he says. "But I can't go there."