International Business News

Malaysia's Maxis to return to bourse

AFP, *Kuala Lumpur*

Maxis, Malaysia's top mobile operator, is tipped to receive a warm welcome back to the bourse this month in an IPO worth around 3.43 billion dollars, billed as the biggest in Southeast Asian history.

Maxis Berhad, controlled by reclusive Malaysian tycoon Ananda Krishnan and Saudi Telecom, is launching the initial public offering (IPO) on Bursa Malaysia two years after it was taken private and de-listed.

It is offering 2.25 billion, or 30 percent, of its shares at an indicative price of 5.20 ringgit (1.52 dollars) which would raise 11.7 billion ringgit. Most of the shares will go to institutional investors.

Parent company Maxis Communications is expected to deploy the proceeds of the sale, slated for November 19, on funding expansion in the booming Indian and Indonesian markets, and to reduce debt.

Economic pundits are upbeat about the listing despite the uncertain global economic outlook that has soured other recent share offerings in the region, but warn that the market remained unpredictable.

Yeah Kim Leng, chief economist with ratings agency RAM Holdings, said that Maxis' dominant position in the domestic telecoms industry had triggered an early rush to collect application forms.

Talks, free trade agreement urged for Taiwan, Japan

AFP, *Taipei*

Taiwan and Japan were urged to hold high-level dialogue and strike a free trade agreement despite the lack of diplomatic ties, reports here said Sunday.

The Japanese Chamber of Commerce and Industry (JCCI) in Taipei called for a FTA to further boost the flow of goods and materials between the two sides, the state-funded Central News Agency reported.

Taiwan's parliament speaker Wang Jin-pyng also called for a FTA during a recent meeting with Taiwan-based Japanese.

Japan, like most countries, officially recognises Beijing instead of Taipei, but Taiwan maintains friendly relations with Japan despite being colonised between 1895 and 1945.

Taiwan has assured Japan it has nothing to fear over the island's warming ties with China, which it split from in 1949 after a civil war.

The JCCI also voiced its support for a planned trade pact between Taiwan and China, saying it could benefit Japanese businesses on both sides of the Taiwan Strait, the report said.

AFP

Saudi Arabian Monetary Agency Governor Mohammed al-Jasser (R) stands next to Kuwaiti Prime Minister Sheikh Nasser Mohammed al-Ahmed al-Sabah after receiving an honorary award during the opening session of the first Kuwait Financial Forum in Kuwait City yesterday. The forum aims to discuss the impact of the global financial crisis on Arab economies.

Run on Iceland McDonald's as chain flips last burgers

AFP, *Reykjavik*

Noisy crowds, long queues, and traffic jams plunged McDonald's restaurants in Iceland into a state of siege Saturday, as the chain served its final burgers on the island.

Icelanders flooded the three branches of the US fast-food restaurant in Reykjavik several hours before the outlets shut for the last time, forced to close after the island's economic collapse caused running costs to soar.

Extra staff were deployed to reinforce the outlets, whose disappearance after 16 years means Iceland will be one of the few Western countries without a presence of the ubiquitous eatery.

Customers in one branch faced a 20-minute wait to be served and snaking lines of cars caused traffic jams at the drive-in.

"I have worked here for six years, and I have never worked as hard as in these final days," one staff member told AFP.

S Korea's trade surplus hits $3.79b

AFP, *Seoul*

South Korea's trade surplus was 3.79 billion dollars in October, with imports declining more sharply than exports, the government said in a preliminary report on Sunday.

Exports fell 8.3 percent year-on-year to 34.03 billion dollars last month, while imports plunged 16.3 percent to 30.23 billion, according to the Ministry of Knowledge Economy.

The October surplus compares with an adjusted 4.7 billion dollar surplus for September and marks the ninth consecutive month in the black.

Exports, which make up more than half of South Korea's economy -- the fourth largest in Asia -- remained sapped by the sluggish global economy.

COLUMN

Population: Bomb or boon

SARWAR AHMED

AMRAN HOSSAIN

The population of Bangladesh, which was 75 million in 1971, will grow to 234 million in the next 40 years.

An evening MBA student, Kaesuzzaman, requested if I could take a session on strategic management for government officials at Bangladesh Public Administration Training Centre (BPATC). Kaes is on deputation at the Training Centre. Yes why not, I agreed.

This was a new and interesting proposition and I drove to Savar, wondering how the session would go. In the wide green expanse of BPATC, I was pleasantly surprised at the well-kept complex. You could sense the pride in the employees as they hurried around to keep their training commitments and fulfill duties.

I joined the group of 35 participants for a cup of tea. As we settled down in the training room, I showed a population table -- a scenario expected in the year 2050.

During our independence in 1971, we were 75 million mouths. Our population will grow to 234 million, adding another 78 million in the next 40 years.

Strategy is about how we handle the future, be it a business or a nation. My question to the participants was, given this scenario, what do they expect of Bangladesh in 2050.

Working in groups, participants painted a dour and depressing picture of the likelihood of heightened unemployment leading to higher crime rates, burgeoning illiteracy and a nation struggling to feed itself. Exactly. If we do not think strategically now, this unhappy prophecy will come true.

The next question for the group was what we need to do to ensure this does not happen. We focused on five main areas for the convenience the five groups -- education, food, energy, manpower export and health.

What sort of a vision and objectives should we have in each of these sectors? Each group came up with creative and interesting objectives, given this scenario of population growth.

The vision outlined by the group working on education came up with an ambitious education for all by 2050. As a strategic objective, they set out to achieve high school education for all eligible students.

This is where things got interesting. Remember the strategic vision is education for all. Assuming that a conservative five percent of the population will be at a high school age, this would translate to nearly 12 million students. For a teacher to student ratio of 1:30, we would need nearly four lakh teachers at the high school level, and that too, if one teacher is teaching all the subjects! If there are five subjects, at least 20 lakh teachers will be required.

How many teachers training colleges do we have? Somebody interjected, fourteen, and for higher secondary teachers, only five. Assuming a pass rate of a thousand teachers a year from each of these institutions, the annual churn is 19,000 teachers. How many teachers do we have now? Nearly 4,00,000. So how many years do need to produce the 20 lakh?

Strategy is about asking the right questions to the objectives we set for the future. When we talked of Bangladesh's food security in 2050, it was abundantly clear that we have to double our agricultural productivity, especially if we look at India's population growth. Why India? India has been a buffer for Bangladesh in providing food grain. Not anymore. With the projected 8 million tonnes of rice shortage due to a failed monsoon this year, India has tightened its belt and is not allowing any export.

With climate change and its unpredictable effects on weather, what guarantee do we have of this benign buffer, or of imports from other countries? None, I can assure you.

What choice do we have other than ensuring our own food production? None.

What are we doing today to make sure we have that food security, 10, 20 or 40 years from now? If Bangladesh wants food security, it needs to provide incentives to its agricultural scientists to stay and innovate for the future. Instead of only subsiding agricultural inputs, we need to subsidise agricultural research. Any thought in this direction?

As we questioned each of the visionary objectives of the not too distant future, as future policy makers, the realisation sank in the participating government officials that we are running out of time.

If we do not draw up do-able strategies now, and not the drinking, eating and meeting strategies, it may well be too late to avoid the Malthusian prophesy of the future and certainly not the golden Bangladesh we dream and yearn of.

The writer is the managing director of Syngenta Bangladesh Ltd.

RETAIL SALES

Luxury brands hunt for untapped markets

AFP, *Paris*

AFP

People in the developed economies are spending less on luxury items because of the global recession. So luxury brands now look far beyond the chic avenues of New York, London or Paris for revenue.

With spending on luxury goods down across the developed world in the economic crisis, luxury brands are increasingly looking far beyond the chic avenues of New York, London or Paris for revenue.

The new names on the lips of luxury professionals are far less familiar -- Almaty, Shenzhen, Ulan Bator -- respectively, the commercial capital of Kazakhstan, a major Chinese provincial centre and the capital of Mongolia.

"The desire for luxury is more and more universal so the luxury sector has to reach its clients around the world," Yves Carcelle, chairman of Louis Vuitton, told AFP at the Paris launch of a new luxury website for China.

Louis Vuitton earlier this month opened its first store in Mongolia, an Asian country of 2.7 million people with extensive mineral resources and an average per capita annual income of just 1,800 dollars (1,216 euros).

"It's a country that is taking off economically," said Carcelle, adding: "In just a few days, we already know the store is doing well and we should make as much in Ulan Bator as in a good-sized provincial town in China."

Antoine Belge, luxury expert at British bank HSBC, explained the strategy.

"In Mongolia or in Kazakhstan, the big luxury brands are targeting pockets of wealth. In countries which are making revenues from energy, there are small communities of people that have money," he said.

"When you open a store in a new city in China, the clientele in that city multiplies by a factor of 10. There's the client who is used to buying the brand abroad and nine others who are new."

A study out this week by US-based consultancy Bain and Company showed luxury sales this year will drop by 16 percent in North America, by 10 percent in Japan and by eight percent in Europe compared to last year.

In Asia, however, sales are set to grow by 10 percent.

"First we get local elites familiar with our brand, then we open a place where we offer the same quality of service, the same products and therefore the same prices" as in other brand shops, said LVMH, the world's top luxury firm.

Out of 300 openings of luxury stores in 2009, Bain said, 15 percent will be in China, 25 percent in other Asian countries, 30 percent in the Middle East, and 15 percent in Eastern Europe and the Middle East.

Just 15 percent would be in Western markets, the study found.

"Emerging markets with dynamic profiles and appropriate economic potential will offer good growth opportunities," the Gucci luxury group said in a statement.

The Gucci group now has more stores in the Asia-Pacific region except Japan (145) than in North America (102), including 38 stores in continental China without counting Hong Kong and Macau.

"Thirty years ago the consumer was less informed. Now he is instantly informed, which forces us to take a global approach to new markets," said Sidney Toledano, chief executive of Christian Dior couture.

"The digital revolution, with the global reach of information, has increased demand by acting as a catalyst for markets," Bruno Pavlovsky, fashion director for French fashion house Chanel, told AFP in emailed comments.

"The fact that we are investing in new markets means that clearly they have a strategic role in the growth of our brand in the long term."