

International Business News

South Korea launches \$19b river project

AFP, Seoul
South Korea on Tuesday launched a 19 billion dollar project to dredge and restore its four major rivers despite protests over the feared environmental impact. Excavators started shifting soil to build temporary dams on two of the rivers after the environment ministry gave the green light following a four-month survey. Under the plan the Han, Nakdong, Geum and Yeongsan rivers will be dredged, given new banks and equipped with dams along a total length of some 3,200 kilometres (2,000 miles). Prime Minister Chung Un-Chan told a cabinet meeting the three-year programme will mean less water is wasted, will improve water quality and will boost the economy of local provinces. When completed in December 2012, the government says the rivers will be opened up for transport and tourism and floods and droughts will be controlled. It also hopes the project will create tens of thousands of jobs as the country emerges from the global economic crisis.

Reliance Industries strikes oil in western India

AFP, Mumbai
India's energy giant Reliance Industries said Tuesday it had struck oil in the Cambay basin in western India but it did not reveal the estimated size of the field. Reliance has 100 percent interest in an on-land exploration block that covers an area of 635 square kilometres (245 square miles) in the Cambay basin in Gujarat state. The discovery has been named "Dhirubhai 43" after the founder of the Reliance empire Dhirubhai Ambani and because it is the 43rd oil discovery by the firm across India. Five wells were drilled in the block and oil was found in the fifth, Reliance said in a statement. "Reservoir thickness of 15 metres was found. The well flowed at the rate of 500 barrels of oil per day," the statement added. "This discovery is expected to open future potential within the block," the company said. Commerciality of this discovery is being ascertained through more data gathering and analysis, it said.



AFP
Otara Gunawardene, chief executive for Sri Lankan retail brand Odel, poses for photographs during the launch of her store's Christmas season sale in Colombo yesterday. Gunawardene, who heads the island's biggest retail brand, says there is a rebound in sales following the end of decades old separatist conflict with Tamil Tiger rebels.

Philippines makes biggest ever rice tender

AFP, Manila
The Philippines will tender for a record 600,000 tonnes of rice to guard against potential supply shortfalls from crop damage caused by recent storms, officials said Tuesday. The December 1 tender, the country's biggest ever, would likewise be a "forward-buying" operation in anticipation that prices may jump next year, a senior agricultural official told AFP. The official conceded that such a huge order would likely push up international rice prices but said this could not be avoided. "There are rumours that India might be calling for a tender for a huge amount," said the official, who asked not to be named. However, International Rice Research Institute economist Samarendu Mohanty said he did not expect to a spike.

Geithner in Japan for talks on global economy

AFP, Tokyo
US Treasury Secretary Timothy Geithner met Japanese Finance Minister Hirohisa Fujii here Tuesday for talks on efforts to revive the ailing global economy. Geithner arrived in Japan for a two-day stop on his way to a meeting of finance chiefs from member nations of the Asia-Pacific Economic Cooperation (APEC) forum on Thursday in Singapore. The Treasury chief, on his first visit to Japan since taking the job in January, met Fujii for dinner talks ahead of US President Barack Obama's planned visit to Tokyo from Friday. "We will discuss the shape of the global economy, but will not talk about individual cases like the Japanese economy," Fujii told reporters last week when asked about his meeting with his US counterpart.

ECONOMY

India mood tides high at summit

AFP, New Delhi
The Indian economic party is back on.

Twelve months ago, delegates to India's annual economic jamboree in New Delhi were sunk in gloom about the country's prospects, with the world mired in the worst financial crisis since the 1930s.

This year, the tone at the India World Economic Forum, attended by over 600 delegates from around the globe, has been decidedly gung-ho.

Spirits have been lifted by government promises to press ahead with long-awaited reforms and create an investment-friendly climate.

"India has come through the crisis better than other countries. We have growth here," said Lars Thunell, chief executive of the Washington-based International Finance Corporation, at the meeting, which began at the weekend.

"India is in a sweet spot," said Rajan Raghuram, finance professor at the University of Chicago.

India's growth prospects appear decidedly rosy compared with the West, where economies are still sunk in recession. In fact, its leaders have been sounding downright smug.

"I am happy to say India has been able to face the global economic downturn better than most other countries in the world," Prime Minister Manmohan Singh told the summit.

He forecast the economy would grow by 6.5 percent in the current fiscal year to March and by more than seven percent next year, saying the country "looks forward to the future with confidence".

"India is the next country off the block after China, Japan and Korea," Montek Singh Ahluwalia, deputy head of a blue-ribbon government economic advisory panel, told the three-day meeting.

Strong auto sales, robust industrial output figures and other data



AFP
Indian Finance Minister Pranab Mukherjee (C), flanked by Managing Director and Chief Business Officer of the World Economic Forum Robert Greenhill (L) and Chief Executive Officer (CEO) and Managing Director of ICICI Bank Chandra Kochhar (R), attends the World Economic Forum's 25th India Economic Summit-2009 in New Delhi yesterday. This year, the tone at the India World Economic Forum, which was attended by over 600 delegates from around the globe, was enthusiastic.

all point to a rebounding economy, experts say.

"It's all happened much faster than we expected. We didn't see this kind of positive news coming through until next year," said Jairaj Purandare, executive director of PricewaterhouseCoopers.

There is a caveat however: even growth rates of seven percent, which might sound turbo-charged in the developed world, are not enough for India.

The government says it needs nine to 10 percent growth to make any significant reduction in deeply entrenched poverty.

Some 42 percent of Indians still live below the extreme poverty line of 1.25 dollars a day, compared with 16 percent in China, accord-

ing to the World Bank.

To shift onto a higher growth plane, India says it plans to invest billions of dollars in overhauling its dilapidated roads, ports, power and other infrastructure sectors.

To raise the funds this will require from both domestic and foreign sources, the government says it needs to pursue further reforms and open up the financial sector, including pensions and insurance.

"We are better placed than any time in the recent past to push the reform process forward," said Singh, who is credited with firing the starting pistol in India's liberalisation process in the 1990s.

He said India had drawn foreign direct investment of over 120

billion dollars since 2001-02 but needed much more to develop its economy.

"You are all welcome in our efforts," the premier told delegates.

But Transport Minister Kamal Nath cautioned that even under best-case scenarios, change could be slow in this country of nearly 1.2 billion people, where public suspicion of liberalisation is widespread.

"We are not only the largest democracy. We are the rowdiest. We have to encompass all kinds of views," said the minister.

However after the Congress party was decisively re-elected in May, freeing it from reliance on Communists in parliament, the

government has a much stronger political hand.

Klaus Schwab, executive chairman of the World Economic Forum, which has been staging the India conference for 25 years, said the country had become a much easier "sell" to foreigners seeking investment opportunities.

"Twenty-five years ago it was an uphill battle to sell India in the international market. But today India is a brand and we all know how precious brands are these days," he told reporters.

"Sure I think there are opportunities," said Randy Eisenbach, chief executive officer of US printing equipment company Printronix Inc. "That's why I'm here."

TEXTILE

'Made in China' now made in Egypt

AFP, Port Said, Egypt
With cheap labour, investment incentives and unrestricted exports, one Chinese textile group has turned to Egypt as an ideal location to produce its ready-made garments, beating stiff competition at home.

The Chinese-owned Nile Textile Group has set up shop in the Port Said free zone, overlooking the north entrance of the Suez Canal, and developed an industrial estate now hiring 600 workers, 20 percent of which are Chinese and the rest Egyptian.

Cheap raw materials and favourable export conditions have given the company easy access to foreign markets.

It's a bargain for the Nile Textile Group, which imports 60 percent of its basic products tax free and then sends them outside Egypt, mainly to the United States.

Most of their cut-price clothes are now labelled "Made in Egypt" rather than "Made in China".

"Egyptian free zones allow for export all over the world with almost no restrictions," said Mohammed Abdel Samie, the industrial estate's administrative director.

Local salaries are low enough to compete with those of Chinese workers, even with a system of bonuses offered to the Egyptian workers at the end of each month.

"In the factories where salaries are fixed, we earn a maximum of 700 to 800 Egyptian pounds (around 130 to 150 dollars) a month. In this company, it works out better for us," said factory manager Mansural-Said.

In the neon-lit factories, Egyptian workers in headscarves work side by side with Chinese technicians in white blouses to the thumping sounds of the sewing machines.



AFP
Chinese employees work at the Nile Textile Group factory in the free zone of the Egyptian Port Said, 220 kilometres northeast of Cairo, on Sunday. A Chinese textile group has turned to Egypt as an ideal location to produce its readymade garments, beating stiff competition at home, as the north-eastern African country offers cheap labour, investment incentives and unrestricted exports.

Instructions are posted in Arabic and in Chinese.

As for the daily communication between colleagues, a little extra work was required.

"They taught me a few words of Chinese and they are learning Arabic," Leila Ali, a seamstress, told AFP.

Around 950 Chinese companies have set up operations in Egyptian free zones, representing

a total investment of nearly 300 million dollars.

Most of them work in industry (526 companies), 306 companies are in the service industry, 31 in the agricultural sector and eight in tourism, according to Egypt's General Authority for Investment (GAFI) which oversees free zones in the country.

It is hoped the Forum on China Africa Cooperation (FOCAC),

which kicks off on Sunday in the Red Sea resort of Sharm el-Sheikh and attended by about 50 states, will speed up the rhythm with the signing of a Chinese-Egyptian agreement to encourage more investment in the country.

The meteoric increase in economic cooperation between China and Africa in the last few years will be at the heart of the summit, which will be attended by

Chinese Prime Minister Wen Jiabao and Egyptian President Hosni Mubarak.

Direct Chinese investment in Africa leapt from 491 million dollars in 2003 to 7.8 billion dollars in 2008. Trade between the two has increased tenfold since the start of the decade.

FOCAC is held every three years and this will be the fourth since it started in 2000.