

International Business News

India's Reliance looks to oil for growth

AFP, Mumbai

Indian energy giant Reliance Industries will launch an "aggressive" oil and gas exploration campaign over the next three years, its chairman Mukesh Ambani told shareholders on Tuesday.

"We have planned an aggressive exploration campaign (for the oil sector) in the next three years," Ambani said in a statement issued by the company after its annual general meeting.

"This will take Reliance to a higher growth trajectory." Last week, Reliance announced it had struck oil in the Cambay basin in western India, marking its 43rd discovery in India.

The fuel-hungry nation, which imports 70 percent of its oil needs, has been racing to discover new sources of energy to power its fast-growing economy.

In the financial year ended March 2009, Reliance announced the first flow of crude from the company's deep-sea oil and gas field in the Bay of Bengal off eastern India.

Oil production began in September last year in a sector of the Krishna Godavari basin with an initial flow of 5,000 barrels a day.

Gas production started in April at the same basin, which is among the five largest deepwater gas projects in the world.

Weak US, EU demand dampen Singapore exports

AFP, Singapore

Weak demand from the United States and Europe sent Singapore's exports falling for the 18th consecutive month in October, the government said Tuesday.

Non-oil domestic exports, a closely watched barometer of the health of the trade-dependent economy, declined 6.1 percent in October from the same month last year, the trade promotion body International Enterprise (IE) Singapore said.

The drop was worse than the 0.6 percent fall tipped in a Dow Jones Newswires poll of analysts, but was narrower than the revised 7.3 percent contraction in September.

IE Singapore said the decrease was due largely due to subdued demand from the United States and the European Union -- key export markets hammered by the recent global economic downturn.

Exports to the United States fell 11 percent, worse than the 4.7 percent drop in September. Shipments of electronics products declined by 30 percent as demand for computer chips and disk drives tumbled.

Shipments to the EU were down 22 percent in October, compared with the 15 percent shrinkage the previous month. Electronics exports to the EU shrank 36 percent.



Thai women walk past statue decorations displayed for the coming Christmas festival season at a shopping mall in Bangkok yesterday. Thailand's economy is likely to expand by 2.5-3.5 percent next year, boosted by the state-supported economic stimulus measures and the recovery of the export and tourism sectors.

France's Lagarde is top Euro finance minister: FT judges

AFP, London

The financial crisis has propelled French Finance Minister Christine Lagarde to top spot among European finance ministers owing to her dynamic action on regulation, in the view of a Financial Times panel.

"The judges loved her performances on the international stage when it came to regulation and the future of banking," the London-based Financial Times reported in a full-page article.

"France's economy has also been among the most resilient in the industrial world.

"It was always well balanced, reliant neither on exports nor on an over-inflated housing market and with a large, stabilising public sector," the FT judges agreed.

Meanwhile, in an interview with the newspaper, Lagarde called on global regulators to probe potential competition abuses in the financial sector following huge government bailouts and consolidation.

Some institutions had become too powerful in the financial sector, she said. "We need to make sure that we do not create institutions that have a competitive advantage."

British inflation climbs 1.5 pct

AFP, London

British 12-month inflation rose to 1.5 percent in October, accelerating for the first time for eight months in line with market expectations, official data showed on Tuesday.

"Consumer Prices Index (CPI) annual inflation -- the government's target measure -- was 1.5 percent in October, up from 1.1 percent in September," the ONS said in a statement.

"By far the largest upward pressure affecting the change in the CPI annual rate came from transport. The largest upward effect within transport came from fuels and lubricants," it added.

The ONS also said Tuesday that CPI inflation increased by 0.2 percent in October compared with September on a monthly basis. Market expectations had been for a monthly gain of 0.1 percent.

CORPORATE MANAGEMENT

Otobi coming of age



A children's corner at Otobi Centre in Gulshan. Otobi has put on a corporate look and grown into an employer of 5,000 people over the last few years.

SOHEL PARVEZ

An organisation grows like a human.

Humans move from one stage of life to another, from infancy to childhood, from adolescence to adulthood, and so do their responsibilities and actions. Moving from the shield of their parent's care and protection, they learn to tackle the challenges of the real world. Likewise, an organisation should put itself on a path to long-term sustainability.

"When an organisation reaches maturity, the confining ropes must be unleashed," says Animesh Kundu, one of the members of the board of directors of Otobi.

Painter and sculptor Nitun Kundu founded Otobi with only Tk 5,000 in capital in 1975. About three months before his death, the operational matters of the company were delegated to management that was headed by Chief Executive Sabbir Hasan Nasir.

The company logged Tk 218 crore in turnover in fiscal 2007-08. The number of employees grew to more than 5,000 from 1,500 three years back.

The board now manages finance, approves policies and reviews company performance. Before his death in 2006, Kundu himself represented both the board

and management.

The separation of ownership from management reaped benefits for Otobi. In its strive to stand as a strong global brand, the company took a series of initiatives, such as introduction of performance measurement tool, balanced scorecard, implementation of Enterprise Resource Planning (ERP) software and SAP.

Above all, creation of a culture of 'we' or 'otobians' and establishment of the values of innovation and discipline allowed the company not only to diversify products, but also to record growth. Its product portfolio now ranges from children's furniture to home and office decor.

In the three years to 2009, Otobi registered double-digit growth annually and made gains in the branded furniture market segment from 60 percent to 70 percent, at a time when the overall furniture market ailed mainly due to sluggish growth in real estate in the past few years.

Explaining the rationale behind making management more accountable, Animesh, also the managing director, says Otobi is a dynamic and innovative organisation and without these two qualities, the company will not be able to survive.

"To ensure dynamism and innovation, an appropriate culture is required so that

talented professionals can show their creativity," he said. "But ensuring a dynamic environment is not possible under an owner-driven culture."

"It has been historically proven. If you want to ensure dynamism and innovation, you have to promote and establish a meritocratic culture and you have to make it sustainable."

The Cornell University graduate observed that a separation of policy formulation from the operational functions of the company will help it attain such a culture.

However, there is continuous interaction between management and the board. From time to time, management informs the board about the steps it is taking. But what management does have is the power to take instant decisions.

"Management has been fully authorised to take decisions so that it can maintain 100 percent operational efficiency," he says, adding that this authority made the organisation much more dynamic and creative.

Animesh believes that an organisation is a living entity and one should deal with it from that perspective.

"If you treat it based on your expectations, you will act like a feudal lord," he says. "If you give authority to management, it

works with passion, which is not possible under an owner-driven culture."

The other benefit, Animesh says, is an increasing rate of return and sustainability, which became possible thanks to a team spirit. "The joy of developing such a team is unique and it cannot be measured by profits."

The Otobi board unleashes its control over management on operational matters at a time when a pro-business attitude to emerge as global brands by following modern business practices is being created among local entrepreneurs.

But along with the problem of inadequate infrastructure, Otobi's vision to go abroad with its brand faces setbacks in an absence of policies supporting development of global brands emerging from Bangladesh and crossing borders.

However Animesh and Sabbir Hasan do not lose heart. Today, they bet on human spirit, creativity and innovation.

"Now we dream and depend on human spirit," says Sabbir Hasan.

"Access to funds, technology and information is easier today. But the cutting edge is in human spirit and creativity. You will have to nurture and keep faith."

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LIFESTYLE

Priced-out Londoners turn to empty homes

AFP, London

London is one of the most expensive places to live on the planet, but it is also home to tens of thousands of empty properties -- and some people are taking matters into their own hands.

Squatters have taken over buildings in some of the most upmarket areas of London, including most recently on the famous Leicester Square, where a group of artists set up a home in a disused office block.

Those seeking a more conventional route have struck short-term residential lets with the owners of prime business space which they have struggled to rent out because of the recession.

"We're a bit spoilt for choice when it comes to properties. In central London there's a plethora of prime real estate that's simply going to waste," said Dan Simon, whose squatter movement took over the Leicester Square block.

His artistic group, called The Oubliettes, is making a habit of occupying top London buildings, where they show their work and hold art classes. Previous 'homes' include the former Mexican embassy in the plush Mayfair district.

Their latest project is an unimpressive office block in a highly impressive location -- right next door to the Odeon West End cinema which regularly hosts glamorous red carpet movie premieres.

Simon said "financial constraints" were a



An external view of the premises taken over by artist's collective 'The Oubliette' above the Odeon cinema in Leicester Square, central London.

big motivation for their movement but insists their presence benefits landlords because empty buildings can attract crime and fall into a state of disrepair.

Across the River Thames in the up-and-coming district of Denmark Hill, David Ireland, chief executive of campaign group Empty Homes Agency, made the same point as he stood outside a row of 18 boarded-up homes in a single street.

"Things like this attract petty crime and

attract a feeling of the area in decline," he told AFP.

Ireland said the houses, some of which have been empty for years, could be used for new homes.

"The UK is a country which has got huge housing need and a lot of need for new homes, and yet we've got a million that could be used if only the attention was paid to them instead of always looking at new homes," he said.

Rents in London are among the highest in the world, with a one-bedroom flat in the city centre costing at least 300 pounds (500 dollars, 330 euros) a week.

The mayor of London, Boris Johnson, wants to deliver 50,000 more affordable homes across the capital by 2011, and empty homes are part of this strategy.

His housing blueprint published in May puts the number of long-term empty properties in London at about 35,000, and the mayor has vowed to invest 60 million pounds by 2011 to bring them back into use.

Back in Denmark Hill, the hospital trust that owns 12 of the empty houses says they are being sold, and officials elsewhere say many of the homes listed as empty are simply awaiting sale -- a process extended by the housing slump.

For those homes left to languish, local councils have a variety of means to bring them back into use, ranging from providing grants to redevelop them to compulsory purchase orders.

Philippa Roe, the councillor with responsibility for housing in Westminster, which includes Leicester Square, said her local authority is trying to "look creatively" at the problem -- including using so-called property guardians.

Unable to rent out one of its office blocks in the central Soho district, the council turned to an association that found short-term tenants willing to live there for minimal rent -- a win-win solution for both sides.