

International Business News

Australia in \$82b LNG deal with Japan

AFP, Sydney

Australia has welcomed a 90 billion dollar (82 billion US) deal to supply liquefied natural gas (LNG) to a Japanese power company in what is believed to be the country's biggest export sales contract.

Western Australia state Premier Colin Barnett said the long-term gas sales agreement between Chevron and the Tokyo Electric Power Company would see 4.1 million tonnes of LNG sent to Japan each year.

"The sales contract amounts to some 90 billion dollars," Barnett told reporters Saturday.

"In my judgement that would be the largest sales contract for any Australian export industry -- this is an historic agreement."

Barnett said the deal would underpin the future of a major offshore gas field and onshore processing development, known as the Wheatstone project, to be developed off the state's northwest coast.

The premier said the latest deal indicated the massive change underway in the resource-rich state's economy, which is aiming to position itself as a major source of LNG to Asia's burgeoning economies.

"Currently, the state's only LNG producer, the North West Shelf Joint Venture, has an annual capacity of 16.3 million tonnes," he said in a statement.

China leaders meet to chart course for 2010

AFP, Beijing

China's top leaders met in Beijing over the weekend for the Central Economic Work Conference that will determine how to strengthen the Asian giant's economic recovery in 2010, state media reported.

The closed door meetings began on Saturday and China's leaders were expected to discuss how they plan to continue their economic stimulus policies and moderately easy monetary policy next year, the China News Agency reported.

The reports did not give details of the agenda for the meeting or specify when it would conclude. The conference went on for three days last year.

The annual Central Economic Work Conference is the most important economic policy making event of the year, usually involving key figures such as President Hu Jintao and Premier Wen Jiabao.

The conference was expected to focus on how long to continue the fiscal and monetary policies and the economic stimulus package that aims to help China achieve full economic recovery, the state-run China Daily said.



A Sri Lankan street vendor sells bananas at a Sunday market in Colombo yesterday. After recording inflation at near 30 percent in 2008 the government says inflation is now easing with the end of the war with the Tamil Tiger rebels.

Japan to give JAL \$7.7b loan guarantee

AFP, Tokyo

The Japanese government is expected to guarantee about 700 billion yen (7.73 billion dollars) in loans and other funds provided by financial institutions to help ailing Japan Airlines, a report said Sunday.

The government will allocate the funds through the extra budget for the fiscal year to March, which is expected to be approved this week, the Nikkei business daily reported without citing sources.

The loan-guarantee plan is designed to prevent JAL from having to suspend scheduled flights due to a shortage of operating funds, the paper said.

JAL, which last month reported its fourth straight quarterly loss, has been hovering on the brink of bankruptcy in a crisis blamed on the global aviation industry downturn, mismanagement and its huge pension obligations.

The recipient of three government bailouts since 2001, the airline has said it plans thousands of job cuts and a drastic reduction in routes.

It is seeking more public funds as it restructures under the supervision of the state-backed Enterprise Turnaround Initiative Corp. of Japan.

GM Daewoo to recall 16,000 cars in South Korea

AFP, Seoul

GM Daewoo Auto and Technology has decided to recall 16,379 units of its Matiz Creative mini-car because of defects in their airbags or windshield wipers, government officials said Sunday.

The South Korean unit of US carmaker General Motors said the recall affected units manufactured and sold between July and November, Seoul's land, transport and maritime affairs ministry said in a statement.

The windshield wipers of the units were found to malfunction in freezing weather, or their airbags were found to fall apart in a crash, it said.

The ministry, which had estimated the number of affected units at over 30,000, later revised the figure to total 16,379 -- 14,732 defective in both windshield wipers and airbags, and 1,647 flawed in airbags only.

Free repair services will be available from Monday, it said.

EMPLOYMENT

Dubai faces gradual exit of workers

AFP, Dubai

Construction worker Bilal is in a happy mood as he takes his lunch break sitting next to an artificial lake near Dubai's showpiece Mall of the Emirates.

But he admits anxiety about the end of his contract in one year's time, when the 24-year-old may have to return to Bangladesh.

The shock news of Dubai's debt crisis is not expected to spark an immediate surge in redundancies in the once-booming desert metropolis, but a gradual exodus is likely as workers' contracts expire and the lack of new projects means they are unable to find new jobs.

Before last year's credit crunch, Dubai and the rest of the United Arab Emirates were estimated at the end of 2007 to have a population of 6.4 million people -- of whom 5.5 million were foreigners.

More than three million were registered with the ministry of labour as workers, when Dubai was still racing to build enormous shopping centres and business districts.

But now the picture is very different. Even before state-owned Dubai World said last week that it wants to halt payments on its huge debts for at least six months, property prices were down by half and office rents by as much as two-thirds.

People from Asia, who form the majority of the construction workforce, may find their livelihoods at stake following the mothballing of hundreds of new building projects worth tens of billions of dollars.

Ferraris, Aston Martins and Maseratis are parked less than 100 metres (yards) away from where Bilal sits by the lake on Thursday, his blue safety helmet alongside him.

There is no indication anywhere nearby of the financial crisis swirling across the city.

"No, I'm not worried" about losing my job, he says. "I have worked here for two years, our company's agreement is for three years."

But he concedes that not knowing where he will work when his contract expires is a source of concern.

For Indian site engineer Thomas, unemployment is already a reality.

He walked out of Thiruvananthapuram International airport in the southern Indian state of Kerala on Thursday, after 10 years in the Emirati city, with just two items of hand luggage and a bundle of clothes.

His contract had been terminated by his Dubai-based construction company after the project was hit by the economic crisis.

"I was working as a site engineer in Dubai. I've no other choice than return to



A banner of Dubai's property giant Nakheel flutters on a main road in the Gulf emirate of Dubai on November 30. Dubai and the rest of the United Arab Emirates had a population of 6.4 million at the end of 2007 of whom 5.5 million were foreigners. More than three million were registered with the ministry of labour as workers.

Kerala, "50-year-old Thomas told AFP.

"My flight was full of people returning. Sooner or later almost 80 percent of the workers will have to leave Dubai."

He said that during his time in Dubai, where many southern Indians found work, he had sent home enough money to build a house in his village and pay for his three sisters' weddings.

"What to do now?" he said. "I don't have a hefty bank balance or land to support my

family. I may try my luck in Saudi Arabia or Muscat."

"Many companies in Dubai have not paid the workers for the last three months," Thomas said.

Foreign workers in the Gulf city state often face major challenges if they have to leave. A proportion have been allowed to bring in their families, which makes life easier but causes extra upheaval if the main breadwinner loses his or her job.

An even bigger proportion of Asian workers in the UAE send some of their wages as remittances to their families back home.

Dubai security guard Pradeep, 36, has connections in the transport industry in India and believes he can find a job there if he has to.

"I can also return to my home country and work," he said.

But his salary working in the emirate is enough for him to support his family at home.

He first came to Dubai in 2003, then later returned to India to work before coming back to Dubai in early 2009.

"Job is not secure, job is not secure," he said with a smile, slowly shaking his head. "The economy is very down." He added that, although this will not affect him immediately, it could cause him to lose his job in the future.

If this happens, Pradeep says he will leave Dubai once more.

Job security is "our main concern these days," said Jomy, a 35-year-old Indian working in Dubai as a contractor with a company that sells apples.

Jomy's friend Jino, also Indian, describes the economic troubles as being "industry-specific," especially in the banking sector in which he works.

"So many industries linked to it will have a chain reaction" from banking to other sectors, he added.

The change in lifestyle can be dramatic when people have to return home.

Satheesh, a civil engineer, worked in the Gulf for 19 years, including the last two years in Dubai. Now he is back home in Kochi, Kerala.

"I was getting 200,000 rupees (4,300 dollars) a month in Dubai. But now I'm unemployed as my company asked me to go on long leave and now it has closed down the project. The management has shelved 450 Indian workers. It's a bad time for me."

Many unskilled foreign workers in Dubai, with no special knowledge about the crisis, are broadly worried and just hoping for the best.

But even those specialising in finance are fearful of the prospects for once-booming Dubai.

"Of course I'm worried (the economic situation) is going to affect my bonuses by the end of the year, and there might be some job losses," said Sheraz, a Pakistani internal auditor working in Dubai for a major retail group.

"There's still a lot of uncertainty around. We don't know what will happen next year," the 27-year-old said.

COLUMN

Compliance

He was late for breakfast. As I sipped on Earl Grey English tea, wondering what was keeping Sakib Habib, my counterpart in Pakistan, I glanced around the Hotel Ramada restaurant.

The restaurant was perched as a separate protrusion without any supporting beams, a couple of floors above the ground. It was an architectural marvel by itself. I smiled or waved at other Syngenta colleagues, general managers from across the world. We were in Basle, Switzerland, to attend a workshop.

The flight from Dhaka to Zurich on Emirates was uneventful, except for the lay over hotel ticket at Dubai. After a long wait at each of the security check queues, where now they scan your eyes, and at immigration, I was sent off to a higher official who said time was too short to go into Dubai.

The connecting flight was still seven hours away as I made my way back to the Emirates counter and explained the situation. Fortunately, the lady was kind enough to change the lay over ticket to the in house airport hotel.

Reaching the solitude of the simple lobby, I overheard the receptionist explain to a guest that the room rate was 60 for an hour. Was it dollars or dirhams? It was steep, either way! Too tired, I murmured a silent thanks to Emirates, got in bed and slept immediately in the quiet and cool ambience.

It was late autumn as we landed in Zurich in an overcast cold afternoon. Taking the train to Basle, you could see the postcard view of speckless Switzerland. The rainbow coloured leaves of green, yellow, orange and brown were brushed across the rural landscape as the train whisked through the reach Basle on the dot. Getting off the train near the hotel in Basle, I quickly made my way into the warmth of the reception as the cold wind outside cut through and felt like a cat's claw scratching your face.

Each day was different. As I watched from the restaurant's clear glass, trees shed their autumn leaves whilst invisible aircrafts criss-crossed the clear beautiful blue sky leaving behind twin vapour trails.

Sakib finally came, just in time to grab a quick bite. He was in a state of shock. Pakistan was going through a rough ride of bomb attacks. Schools were on red alert with armed rangers guarding the premises.

Sakib was awoken early as the school was



A partial view of Zurich Airport. Taking the train to Basle, visitors can see a postcard view of speckless Switzerland.

looking for him with a question being asked of all parents, do you want the school to remain open or close down? There was panic and 80 percent of parents opted for the school to close. Then Sakib was on his blackberry calming his frightened eight-year-old son who was sobbing, scared to go to school.

While we walked the ten minutes distance to the workshop venue through the cold nippy morning, Sakib was visibly worried at the terrorised state of affairs in Pakistan. In sharp contrast, Basle was in a festival fervour making our way through Messe Plaza, a huge open space where several fantasy land events like a roller-coaster ride or a 13-floor drop had been set up. The cold would not deter children from enjoying the events as I found out at the day's end.

Meandering through the maze of shows, I was wondering how Sakib would fare through the two and a half days workshop, who was now having deep puffs of nicotine-laden cigarettes to calm his frazzled nerves.

It was an unusual workshop, a format I have not been to before. The topics, which seemed dry and boring, turned out to be enjoyable as we learnt of the innards that makes a multinational tick. An overriding theme of the workshop was compliance, an elusive word for almost all the general man-

agers, be they from Asia, Europe or Latin America.

With the collapse of \$100 billion Enron in 2001 due to fraud, the US government enacted the Sarbanes-Oxley Act of 2002, which required greater internal control, compliance and transparency in corporate dealings. This led to what is now commonly called SOX compliance.

However, SOX could not prevent a fraud to pull down WorldCom, another \$100 billion company in 2005. Our memory is still fresh of Lehman Brothers' shattering down in 2008. As such, compliance is more than just lip service to keep an organisation alive.

There are five broad areas and fifteen more definitive areas of basic control necessary to endorse you have a workable compliant company. The broad areas are culture, people, purchase, sales and inventory. We had an audit on these controls and it opened my eyes to normal day to day activities can be seen otherwise by the scrutinising eyes of auditors. So what are these controls?

Number one on the list is a code of conduct by which all employees need to judge their activities and a whistleblower programme. There are insiders willing to expose unethical practices that can jeopardise the long-term business future and their careers. A whistle blower programme can help unearth unethical practices and be quite rewarding as the recent case of John Kopchinski's painful six-year legal fight against Pfizer Inc, the world's biggest pharmaceutical, shows. He was awarded more than \$51.5 million for speaking out the truth.

A clear segregation of duties and approval authority matrix has to be in place. The risks of frauds can be minimised by delegating authority and ensuring that there are no conflicts. With computerisation, you need to think of system security and access. You need to be careful of your vendor lists. There can be imaginary suppliers set up by errant employees to siphon off payments on imaginary purchases. A cross check from purchase requisition to goods received and then payment affected ensures that ghosts do not make money on your account.

Similarly, you need to be aware of what is happening with your payroll. Do you have ghost employees who are paid salaries, pocketed by a smart fellow sitting quietly in his cubicle? You will be surprised if you do not have controls to cross check on your employee master data and your monthly payroll list. Cash is cash, and there has to be a rigorous control in place in managing cash including bank accounts, which is why bank reconciliation is so critical to spot unusual payments.

Then, of course, you need to make sure your inventory is counted and managed right. A month end physical count helps to keep the books clean and ensures that goods are not sold on the sly. What about your accounts receivable, money owed by customers? Who authorised credit in the first place? And is that being monitored to recover as quickly as possible?

I was surprised at what I learnt about compliance. It was immensely useful and has helped us to bring in internal and necessary controls that will minimise fraud risks, which become inevitable in a business that grows in size. As we headed home after the workshop, we felt the overwhelming responsibility and the necessity of running a compliant multinational organisation.

The writer is the managing director of Syngenta Bangladesh Ltd.