

## International Business News

## Hyundai Motor announces China truck venture

AP, Seoul, South Korea

Hyundai Motor Co said Sunday it has agreed to launch a \$400 million truck manufacturing venture in China with a local partner as it seeks further inroads in the world's biggest auto market.

Hyundai Motor, South Korea's largest automaker, said it signed an initial agreement with Chinese commercial vehicle manufacturer Baotou Bei Ben Heavy-Duty Truck Co and has set a sales target of 100,000 heavy duty trucks in China by 2014.

Under the deal, signed Saturday in Seoul, the two companies will invest a total of \$400 million to set up the 50-50 joint venture next year, Hyundai said. It will take over the Chinese company's existing large truck business that can manufacture 40,000 vehicles a year.

Hyundai, which already makes passenger cars in China, said it will initially focus on heavy duty trucks in the new venture and gradually boost its investment to include what it described as a "full line-up of commercial vehicles."

"The joint venture will initially launch a refreshed Baotou Bei Ben model and then launch a brand new model by 2012 with input from Hyundai's modern technology and equipment, gaining competitiveness in the Chinese commercial vehicle market," Hyundai said in a release.

## Swedish jeans 'Made in North Korea' go on sale

AFP, Stockholm

The "first ever" brand of jeans made in North Korea went on sale in Stockholm on Saturday, the Swedish company behind the communist-made denims said.

"There has been a constant flow of shoppers," Tor Rauden Kaellstigen of company NoKo Jeans told AFP.

Some 1,100 pairs of the jeans went on sale for 1,500 Swedish kronor (150 euros, 226 dollars) each.

"We have a few pairs left," Kaellstigen said, refusing to disclose detailed sales figures.

The jeans were to have gone on sale at trendy Stockholm department store PUB on December 5 but PUB decided at the last minute to halt the sale, saying it did not want to be dragged into a political debate.

Instead, NoKo Jeans opened a temporary boutique in central Stockholm to sell the garments themselves.

Kaellstigen, Jakob Ohlsson and Jacob Aastroem -- three Swedes all under the age of 25 and with no previous experience in business or fashion -- started their project in mid-2007, prompted by a desire to enter in contact with the isolationist state.



A man works at a rubber tree factory in Thailand's southern province of Yala on Saturday. Thai consumer confidence rose to a 13-month high in November due to stable oil prices and hopes over government spending but there were still worries over the economy, a recent poll showed.

## Google-Fujitsu join 'smart objects' alliance

AFP, San Francisco

Internet powerhouse Google and Japanese electronics giant Fujitsu have joined an alliance to promote the ability of objects from appliances to cars to communicate with one another online.

The IPSO Alliance said Friday that Google and Fujitsu raise the ranks of the year-old organization to 53 members and bring significant weight to a drive toward a world rich with "smart objects."

"Google's participation in IPSO is a result of its expectation that many devices will become part of the Internet environment," said Google vice president and chief Internet evangelist Vint Cerf.

"Google's PowerMeter application makes use of this idea to help Smart Grid users capture and analyze their energy usage information."

PowerMeter is a free online tool that allows users to view real-time energy use in homes with the goal of helping conserve power and cut utility costs.

"The addition of Google and its PowerMeter service to the Alliance really completes the smart grid circle within IPSO," said alliance chairman Geoff Mulligan.

## Ford in better shape after economic storm: CEO

AFP, Detroit, Michigan

The economic storm that battered the US automotive industry has forced Ford Motor Company into a better position, chief executive Alan Mulally said Friday.

Ford has undergone an intense restructuring in recent years that has left it a leaner and more focused company.

"We're on a clear path to profitability now," chief executive Alan Mulally told reporters. "It's probably in the strongest position it's ever been in."

Mulally noted that 2009 was an intense year for the auto industry - particularly in Detroit where Ford rivals General Motors and Chrysler declared bankruptcy after a massive government bailout - but said the prospects for 2010 were improving.

"We feel a lot more confident about the economy," Mulally said.

Ford managed to finance its restructuring without resorting to government aid and also escaped bankruptcy protection.

## ECONOMIC RECOVERY

## Asia spending again

AFP, Hong Kong

Laden with colourful bags full of gifts, Andy Xu makes his way through Hong Kong's jam-packed Causeway Bay shopping district apparently unfazed by the past year's global economic crisis.

The 30-year-old marketing manager from mainland China plans to splash out between 4,000 and 5,000 US dollars on presents for friends and family for Christmas and the blockbuster Chinese New Year celebrations.

"My income and spending habits haven't really been affected by the economy," he told AFP.

Xu is not hunting for bargain-basement priced items either.

His sights are firmly set on luxury goods, making him a dream come true for high-end retailers such as men's fashion chain Brooks Brothers.

"Business is good," said an employee at one of the retailer's stores in the southern Chinese city. "We are getting more mainland customers this year."

One year after a financial crisis wrought devastation on the world's economy and pounded retail sales, shoppers in Asia are cautiously loosening their purse strings.

From India and Taiwan to Indonesia and Korea, improving consumer sentiment is driving a general uptrend in spending amid stronger economic data.

And low retailer inventories mean shops likely won't be slashing prices in a desperate bid to lure customers, said Aaron Fischer, head of consumer and gaming research at brokerage CLSA in Hong Kong.

"Retail sales have been quite strong pretty well across the region, except for Japan," he said. "The main reason is consumer confidence is pretty high."

Industrial activity in Chinese factories has picked up after millions of workers were laid off last year, with toymakers in particular rushing to fill Christmas orders from the United States.

"Christmas orders this year



People shop at a mall in Hong Kong on Friday. One year after a financial crisis wrought devastation on the world's economy and pounded retail sales, shoppers in Asia are cautiously loosening their purse strings.

should be better than last year as the sentiment last year was very bad," said Ren Xianfang, a Beijing-based analyst with IHS Global Insight, pointing to a recovery in industrial production since September.

That feeling was echoed by Russell Zimmerman, executive director of the Australian Retailers Association, which is expecting retail sales this year to hit almost 39 billion Australian dollars (35 billion US).

The figure is 4.7 percent higher than in 2008, despite several interest-rate increases, Zimmerman said.

"We think it is going to be a good Christmas, but we would probably have had a great Christmas if we hadn't had those

three interest-rate rises," he said.

In Singapore, the glitzy Ion Orchard mall has drawn 22 million shoppers since opening its doors in July, according to a spokeswoman.

"The past year has been a difficult one for many Singaporeans, but we're already seeing signs of recovery with reports of improvements in the labour market this quarter," she said.

Still, Thailand's retail sales have dropped in 2009 and the story isn't much better in Japan where price-chopping retailers are fighting to woo unenthusiastic shoppers through the door.

As the country crawls out of its worst post-war recession, Japanese consumers are keeping a tight grip on their wallets,

although some say they won't let the financial gloom dampen the holiday spirit.

Housewife Akemi Oura, 63, said she will have to watch her gift budget, but still plans to treat herself.

"Probably I will spend just as much as I did last year (on myself). But for presents, I will probably keep my budget under about 10,000 yen (112 US dollars)," she said as she strolled through the upmarket Ginza shopping district.

Oura's caution may remain for some time as the Japanese economy lags behind that of neighbouring countries.

"It's been really tough in Japan for some time," said Fischer of CLSA in Hong Kong. "Japan hasn't

been enjoying the kind of recovery we've seen in the rest of the region."

Even in Hong Kong, a key factor behind the boost in retail sales has been mainland Chinese -- not locals -- flocking to the city to spend their hard-earned yuan. Since the end of November, throngs of mainland Chinese have booked holiday shopping trips to Hong Kong and nearby Macau.

Recent economic data, including falling unemployment may suggest better times are ahead for Hong Kong, but 28-year-old Hong Kong born Candice isn't rushing to the ATM machine.

"Even though the economy is doing better, it's not time to splurge," she said.

"It is better to be cautious."

## COLUMN

SAZZADUL HASSAN

## Bottom line

A research conducted in 2000 by Sarah Anderson and John Cavanagh of Institute of Policy Studies revealed some interesting facts about the strength and power of large corporate houses. Whether we believe it or not, of the 100 largest economies in the world, 51 are businesses; the other 49 are countries.

Could these mighty corporate houses be merely categorised as 'business'? In the backdrop of the influence of the corporate houses on civilisation and for the sustainability of their business, the conventional perspective of business to make profit only is changing.

The challenges of the 21st century are requiring businesses to fundamentally change the way they operate. Issues such as climate change, natural resource depletion and the energy crisis are hitting organisations head on and demanding that attention be paid to aspects of business beyond quarterly financial results.

It is no longer acceptable to simply maximise short-term shareholder value. Instead, firms must pay attention to economic, social and environmental effects of their operations -- referred to as sustainability or corporate social responsibility.

This concept is popularly known as 'Triple Bottom Line' (TBL) -- organisations focus not just on the economic value they add, but also on environmental and social value. The three lines represent society, the economy, and the environment. Society depends on the economy, and the economy depends on the global ecosystem, whose health represents the ultimate bottom line.

'Sustainability' is key in today's business world. One of the most frequently cited definitions of sustainability is, "Operating in ways that meet the needs of the present without compromising

the ability of future generations to meet their own needs." The underlying meaning is that we have to protect the 'place' where we operate and the 'people' who run the business. Unless we do that, we will eventually end up with an environment that is extremely difficult to live in.

For the sake of the existence of the business, issues like research and development of new products that do not emit toxins or use non-renewable materials; innovation and creativity, where organisations figure out ways of using or minimising waste; marketing and advertising that addresses or supports local issues and social causes; and increased stakeholder engagement, creating dialogue with community partners, suppliers, competitors, customers and representatives for the natural environment have to be dealt with utmost importance.

Some recent studies show organisations that adopt the TBL approach, earn more revenue and gain more market share, their employee retention is comparatively much higher and they enjoy greater community support. What are the rationales behind these advantages? In the modern world, consumers are getting equally concerned about the society and environment. Everybody wants to live in a place, which is conducive to living not only for themselves but for their future generations at the same time. Naturally, consumers are responding positively to TBL efforts, which are in turn helping companies to increase revenue and to gain market share. Large firms are putting more and more resources in R&D to comply with the social and regulatory requirements.

The ultimate results of these

researches help them to explore new market opportunities with innovative products and in many of cases, guide them to drive cost saving initiatives.

Quite a number of firms are realising that having a strong sustainability or CSR programme helps with both recruitment and retention of talent. A recent study by Stanford University shows that MBA graduates will take lower in annual salary to work for a 'responsible' company (CSR Reputation Effects on MBA Job Choice, Stanford University, 2003). Another study found that employees in companies with strong sustainability programmes are happier, more satisfied and have longer retention rates (Corporate Responsibility: Burden or Opportunity, BusinessWeek Research Services and Grant Thompson, 2007).

Local communities can have a

strong influence on a firm's 'freedom to operate'. If a company engages the community around their environmental and social impacts and its role in addressing community issues, it presents the company as a good corporate citizen and partner, thus opening the door for dialogue and positive stakeholder relationships.

The TBL perspective also results in organisations avoiding regulatory issues, bad publicity and angering special interest groups. Organisations that support the community affect their surroundings beyond the walls of the organisation, through educational development, charitable events and visibility of issues. A by-product of these advantages is reduced risk, which means that organisations incorporating triple bottom line efforts are seen as safer investments, making it easier for them to procure funds.

The challenge of course lies with incorporating TBL principles into an organisation's operations. It requires guts from the top management, with focused commitment and long-term strategic thinking. Any business implementing a new way of doing things faces obstacles and challenges. One of the biggest obstacles to drive changes is a lack of understanding and awareness among the employees regarding new things. It requires a lot of effort to get people out of their comfort zone.

Taking care of profits, people and the planet are critical to organisational success, both now and in the future. Leadership plays an all-important role in driving and implementing any change or new programme. The sooner the business leaders adopt TBL concepts, the better for the sustainability of the business.

The writer is the marketing director for Syngenta Bangladesh.

