

International Business News

FTA on top of agenda during Japan PM's Delhi visit

PALLAB BHATTACHARYA, New Delhi

A free trade agreement, civil nuclear cooperation and security will dominate the talks between Japanese Prime Minister Yukio Hatayama, who arrives here today on an official visit, and his Indian counterpart Manmohan Singh.

The two countries had been in talks for an FTA for quite some time and Hatayama's visit is expected to give a political push to the negotiations for the accord.

Japan is the sixth largest investor in India with three billion dollars in investments and is involved in some of the biggest infrastructure projects, including a freight corridor.

The number of Japanese companies has doubled in the last three years and the two-way trade volume moved up to 13 billion dollars.

During Hatayama's visit, India is likely to prod Japan to remove the curbs on trade in high and sensitive technology and the absence of a bilateral civil nuclear agreement is impeding cooperation in this area, Indian officials point out.

Japanese companies are believed to be keen in doing civilian nuclear commerce with India which has an excellent track record in non-proliferation and two leading American companies Westinghouse and General Electric have major stakes in Japanese firms Hitachi and Toshiba in nuclear power sector.



AFP

A woman reads the webpage as Chinese Prime Minister Wen Jiabao appears on the screen from an internet interview with the official Xinhua news agency in Beijing yesterday, where he blasted trade protectionism by his nation's trading partners and vowed not to yield to pressure to allow the Chinese yuan to appreciate.

China adopts law to boost renewable energy industry

AFP, Beijing

China's national assembly Saturday signalled the country's commitment to reducing greenhouse gas emissions by adopting a law supporting its renewable energy industry.

The new law, an amendment to one on renewable energy adopted by the National People's Congress standing committee, obliges electricity grid companies to buy all the power produced by renewable sources.

It also empowers the State Council's energy department, the electricity regulatory agency and its finance departments to determine the amount of renewable energy available in the country's overall power generating capacity.

Power companies will be obliged to take up all of that capacity, and those refusing to do so will be fined an amount up to double that of the economic loss of the renewable energy company, Ni Yuefeng, vice-president of the assembly's environmental affairs commission, told reporters.

The law was adopted after China was criticised for obstructing the adoption of a treaty on climate change during last week's international summit in Copenhagen.

Eurozone countries must cut deficits: ECB chief

AFP, Berlin

European Central Bank President Jean-Claude Trichet urged the 16 countries using the euro to slash their deficits "in 2011 at the latest," in an interview published Sunday.

"In the eurozone, budget deficits should be reduced in 2011 at the latest, in some countries already in 2010, to preserve faith in state finances," he told the Bild am Sonntag newspaper.

"In Europe and around the world, there are lessons to be learned from the financial crisis to make the financial system more resilient."

He urged banks to help ease a credit crunch by making loans available.

"Banks must live up to their central role in providing credit to the economy," Trichet said.

Greece, which is also a member of the eurozone, saw its sovereign credit rating downgraded this month due to a ballooning public deficit and debt.

Saudi King Abdullah satisfied with oil price

AFP, Riyadh

Saudi king Abdullah described oil prices as satisfactory in an interview published on Saturday, at a time when the largest OPEC producer is seeking price stability.

"We predicted an oil price of 75 to 80 dollars per barrel at the beginning of the year, what we considered acceptable, and now it has reached this level," the king told the Kuwaiti newspaper Al-Siyassah.

"(We expect) the price will stabilise or increase marginally," he added.

King Abdullah also expressed confidence in the state of the Saudi economy, which he said had successfully managed to withstand the global financial crisis.

ECONOMIC REVIEW

Asia's decade reoriented world

AFP, Hong Kong

Explosive growth in economic and political power ensured that the past 10 years set the foundations for what many analysts predict will be the Asian Century as the world tilts firmly eastwards.

Many dangers lie ahead, but observers say the world's two most populous countries -- China and India -- appear on course to define the decades to come after the American Century and the British Century before that.

"Yes, absolutely, I think this decade demonstrates the real promise of Asia," said Alan Dupont, director of the Centre for International Security Studies at the University of Sydney.

"The last two years in particular have seen a sea shift in real power and I think that's been highlighted by the travails the Americans and the Europeans have had after the global economic and financial crisis.

"It has really focused everybody on the fact that China has now arrived and India is not that far behind, and power really has shifted to the East and away from Europe and North America."

China had been "a rock of stability", Dupont told AFP. Time magazine chose "The Chinese Worker" as a runner-up for its annual Person of the Year award in 2009.

Robert Broadfoot, managing director of the Hong Kong-based Political and Economic Risk Consultancy, agreed that the past decade belonged to Asia.

"There is a shift of the assets and, with that, political power towards China in particular and Asia in general," he said.

But if the tilt from West to East was sustained in the decades ahead, it would be more appropriate to call it the Chinese Century, not the Asian Century, Broadfoot said.

The statistics speak for themselves -- blistering economic growth rates of more than 8.0 percent in China -- while Western countries slumped into recession. The United States now counts China as its biggest creditor

nation.

But the economic figures -- India also achieved growth rates of more than 7.0 percent -- are only part of Asia's rise.

The political power that goes hand-in-hand with economic power means that no global agreements can be viable without the approval of China and India, as this month's climate talks in Copenhagen showed.

And beyond that lies "soft power" -- the sort of cultural influence wielded last century by the United States in particular, from Hollywood through pop culture to fast food.

As an example, Dupont pointed to China's Confucius Institutes set up around the world to compete with other organisations that project national cultural influence, such as the British Council or France's Alliance Francaise.

Chinese-born actors such as Gong Li, Jet Li and Zhang Ziyi now have Hollywood star power. Writers Ha Jin and Yu Hua are acclaimed internationally.

The Chinese government has reportedly set up a 6.5-billion-dollar fund to expand the global footprint of state-controlled media companies like Xinhua, China Central Television and China Radio International.

Hosting the Olympics last year was an emphatic declaration of China's global arrival and some of its sportsmen -- such as basketball Yao Ming and former world-record hurdler Liu Xiang -- have celebrity status.

Chinese scientists are becoming more prominent, with the nation's space programme leading the way. China was the world's third nation to put a man in space and has ambitions to send a man to the moon.

India has also enjoyed success in space with the announcement in September that its first lunar mission, Chandrayaan-1, had found evidence of large quantities of water on the moon's surface.

The path to Asian dominance is strewn with obstacles, however, with weaknesses in democratic and social institutions and widening



AFP/FILE

Indian Prime Minister Manmohan Singh (L) shakes hands with Chinese President Hu Jintao during their meeting on the sidelines of the Asia Europe Meeting at the Great Hall of the People in Beijing on October 25, 2008. Explosive growth in economic and political power ensured that the past 10 years set the foundations for what many analysts predict will be the Asian Century as the world tilts firmly eastwards.

ing wealth gaps seen as potentially dangerous roadblocks.

Minxin Pei of the Carnegie Endowment for International Peace says Asian leaders lack the "visionary ideas" that were a hallmark of US dominance, and that China-style autocracies are inherently unstable.

"Although Asia today may have

the world's most dynamic economies, it does not seem to play an equally inspiring role as a thought leader," he wrote in Foreign Policy magazine.

Dupont at the University of Sydney also questioned whether Asia's racing start to the century will be sustainable over the next 50 to 100 years, given the environ-

mental havoc caused by rapid development.

But if Hollywood is a guide, Asia is set to triumph.

In early 20th century movies, the Chinese were represented by mustachioed evil genius Fu Manchu. In this year's big-budget disaster flick "2012", China helps to save mankind from apocalypse.

From Brooklyn kitchen table to first lady's outfits



AFP

Fashion designer Sophie Théallet poses in her studio in the Brooklyn, New York.

AFP, New York

The old wooden kitchen table in Sophie Théallet's Brooklyn apartment sees some rich pickings -- not least designs for dressing the likes of Michelle Obama.

The down-to-earth setting in New York is where French-born Théallet runs an increasingly high-flying fashion business.

Earlier this year two of her dresses were worn by the US first lady and last month she was named winner of the annual Council of Fashion Designers of America award.

The prestigious prize is worth 200,000 dollars, which will let her "pay off a few debts," she says, and perhaps more importantly open the doors to financial backers.

Vogue magazine's influential editor Anna Wintour was one of the prize judges and the powerful fashion world figure Diane von Furstenberg heads the designers' council.

A graduate of the Studio Bercot fashion school in Paris, Théallet moved to New York 12 years ago and is by most measurements a veteran, even if she only launched her own pret-a-porter collection three years ago.

She was a prize winner in France in the 1980s and worked for years with Jean-Paul Gaultier and Azzedine

Alaia.

"Gaultier taught me to stop at nothing and Alaia gave a taste for rigor," she said.

"I came to the United States a dozen years ago because I'd fallen in love and I never left, though at the start I was a consultant and I often returned to Paris where I kept working with Alaia," she said.

Her third floor apartment that she shares with husband and partner Steven Francoeur in an Art Deco building near Brooklyn Bridge is also her workshop.

At the heart of the operation is a simple kitchen-style table, which she complains is "not quite at the right height." It was made for sitting at and eating, rather than the meticulous business of sewing and drawing.

Yet this is the nerve center of an operation that stretches around the world.

Helped by just one full-time hired worker, Théallet draws the patterns for her cotton, silk and muslin clothes, which are then printed in South Korea, Vietnam and India, before being sent back.

Then she makes a prototype and this is produced in US factories, before a final check at the Brooklyn apartment for wrapping, labelling and quality control.

THE YEAR IN REVIEW

Bright signs to shine on

STAR BUSINESS DESK

In its year-end review, Standard Chartered Bank gauges economic indicators, mostly bright. The bank predicts that 2010 will be an even more successful year if the ambitious budget, power and infrastructure investments can be implemented.

The listing of Grameenphone shares has galvanised the market. While many participants had feared it might cause overly speculative disruptions, the market has proved more mature than thought. This will encourage more multinational and state-owned enterprises to list on the capital markets.

This is a positive development and is expected to help channel funds to productive sectors in the economy and attract more foreign investment.

By September, there have been signs that output activities should pick up in the second half of the current fiscal year. Growth is still stagnant in the industrial sector, as both import of capital machinery and the disbursement of industrial term loans remain slack.

Also, the overall growth of private sector credit has slowed with a sharp fall in fresh investment initiatives, a lag effect of which will likely be felt in the first quarter of FY10.

However, the investment climate may be improving gradually fuelled by the global recovery with signs of strengthened economic activities in the US and European countries.

Furthermore, the government has announced financial stimulus packages to boost certain priority sectors with special support for the industrial sector. The central bank has also taken measures like relaxing conditions for borrowing, lowering policy interest rates, as well as widening the range of financial assets admissible as collateral to maintain adequate liquidity and credit flow to the markets.

Excess reserves of the banks with Bangladesh Bank have started to decline and interbank call money rates have turned around from their near zero levels.

The government has also been taking significant steps to plug the growing power and energy shortages and develop infrastructure. Steps such as private-public partnership will hopefully attract sufficient investments to lay the foundation for a stronger performance in FY10.

Finally, the economy performed well in 2009, and if the ambitious budget, power and infrastructure investments can be implemented, 2010 will be more successful year.