

International Business News

China calls for stronger trade ties with India

AFP, Beijing
China on Tuesday called for stronger trade and investment ties with India, stressing the world's two most populous nations were friends and not enemies.

"The scale and level of bilateral trade is far from enough given the size of our two economies," Chinese Commerce Minister Chen Deming told a news conference after meeting his visiting Indian counterpart Anand Sharma.

"There is great potential and room for growth in investment between the two nations."

Trade between China and India reached 43.4 billion dollars in 2009, down from 51.8 billion dollars in 2008, accounting for about two percent of China's total global trade, official figures show.

Earlier, Chen told a forum on China and India trade and investment cooperation that the Asian neighbours should "eliminate misunderstandings and bias" and work towards a more balanced trade relationship.

"China and India are friendly neighbours and cooperative partners. We are not rivals nor enemies," Chen said.

"The world has enough room for cooperation between us in our pursuit for development."

British inflation hits 2.9pc

AFP, London
Annual inflation in recession-hit Britain surged to 2.9 percent in December, partly owing to changes in taxation levels, official data showed on Tuesday.

"CPI annual inflation -- the government's target measure -- was 2.9 percent in December, up from 1.9 percent in November," the Office for National Statistics (ONS) said in a statement.

"The increase in the CPI annual rate of 1.0 (percentage point) between November and December 2009 is the largest ever increase in the annual rate between two months."

Consumer Prices Index (CPI) inflation increased by 0.6 percent in December from November, the ONS added.

Market expectations had been for an annual gain of 2.5 percent and a month-on-month increase of 0.2 percent, according to analysts polled by Dow Jones Newswires.

"This record (annual) increase is due to a number of exceptional events that took place in December 2008," said the ONS.

The figures were skewed by lower inflation last year after the government had cut taxation on goods and services in December 2008 to help revive the economy as Britain struggled with recession.

German investor sentiment falls again: ZEW survey

AFP, Frankfurt
German investor sentiment fell for the fourth month running as Europe's biggest economy braced for a "burdensome and long" recovery, the ZEW economic research institute said on Tuesday.

Foreign exchange traders sold the euro on the news, and the single currency fell to 1.4321 dollars in London from 1.4382 late on Monday.

The ZEW indicator of German economic sentiment fell more steeply than forecast to an indexed 47.2 points, the lowest level since July 2009.

"The assessment of the financial market experts suggests that we will see an economic recovery in 2010 at best, but not a clear economic upswing," a statement quoted ZEW president Wolfgang Franz as saying.

"The way out of the recession is burdensome and long," he added.

Analysts polled by Dow Jones Newswires had expected the German financial sector barometer to just edge lower to 49.8 points.

Dubai says Abu Dhabi lifeline only half originally reported

AFP, Dubai
Cash-strapped Dubai said on Tuesday that the financial lifeline extended by Abu Dhabi last month is only half of what was originally believed because it included previously announced funding.

In December, as property giant Nakheel was about to default on 4.1 billion dollars in Islamic bonds and Dubai looked set for more financial woes, it announced a 10-billion-dollar bailout from neighbouring Abu Dhabi.

However, it was learned on Tuesday that the 10 billion dollars included five billion that Dubai had already been promised through a bond issue in November.

"The 10-billion-dollar support funding from Abu Dhabi did include the five billion dollars from the two (Abu Dhabi) banks," a government spokeswoman said.



AFP
The Siam City Bank building stands in Bangkok. Korea Development Bank, South Korea's largest state-owned lender is considering bidding for a stake in Thailand's Siam City Bank Plc. Siam City Bank was nationalised in February 1998 after it missed a series of deadlines to meet capital standards. The lender's fourth-quarter profit rose 64 percent from the previous year to \$32 million.

COLUMN

Mobile brings remittance boon

ABU SAEED KHAN

Bangladesh exported 50 percent less manpower in 2009. Thousands of jobless workers also returned home as their employers went broke after the economic financial crises. Yet inward remittance grew by 20 percent (\$10.72 billion) in 2009. How could fewer workers send the highest-ever remittance? The stalwarts are divided.

Bangladesh Bank (BB) former Deputy Governor Khondkar Ibrahim Khaled thinks the anti-money laundering drive "has helped increase remittance through official channels."

Mustafizur Rahman, executive director of Centre for Policy Dialogue, said: "The main cause of more remittance inflow in 2009 is the worry among expatriates about depositing money with foreign banks against the backdrop of global meltdown."

BB Governor Atiur Rahman has, however, hit the bull's-eye: "The banking sector is much more active now. And so remittance increased. Many exchange houses and bank branches opened in different countries to send remittance."

That is right. The central bank allowed 295 exchange houses and setting up of 840 drawing arrangements to boost remittance. It helps migrant workers send money without having bank accounts abroad.

But delivering remittance in Bangladesh remained challenging, as the workers' families do not have bank accounts either. A recent World Bank survey indicates Bangladeshi migrant workers generally remit four times a year in Tk 25,000 (\$358) tranches. Speed and reliability of the delivery process is the workers' highest concern.

The central bank asked nongovernmental organisations to deliver remittance among the villagers. It made thousands of NGO branches the commercial banks' de facto rural outlet for remittance delivery.

"With the cooperation of NGOs, the system of remittance delivery to recipients has improved. Now we are thinking of introducing payment through mobile phones," Rahman said, unfolding his mobile money transfer plans.

The mobile phone is already the key driver of remittance. Its coverage of nearly 100 percent of the population as well as landmass brought migrant workers, their families, the banks and the NGOs into a



A man chats on his mobile phone. Mobile phones are now considered the key driver of remittance in Bangladesh.

functional value-chain. A worker calls his family, informing them of the amount he has sent and texts a unique code, corresponding to that transaction. He also tells them the NGO branch office from where the money can be collected.

The rural branches of the NGOs are connected with banks or exchange houses through second generation (2G) mobile internet. The beneficiary gives the NGO's "teller officer" the code of the remitted amount. The claim is verified through internet and the beneficiary gets paid.

This partnership of the banks and NGOs has outwitted the informal players. It works faster at a cheaper rate and yet it is as reliable as the baking transactions. Smart regulation prompts revolution too.

Being the second-largest foreign exchange earner, remittance contributed 10 percent to GDP in 2008. Press reports suggest most of the private banks' annual operating profits grew up to 40 percent in 2009, largely due to booming remittance.

Mobile banking will further increase

inward remittance. But that is merely a fraction of the fortune that Bangladesh aspires. The migrant workers' families, truly representing the country's population, are keen to improve their quality of life.

Proponents of BBC Janala expected 25,000 subscriptions to elementary english conversation learning over mobile phone. But more than 3,00,000 people rushed to sign up "threatening to swamp the service even before its official launch," wrote the Washington Post. It said BBC Janala "marks the first time that cell phones have been used as an educational tool on this scale."

This phenomenon was not envisaged when the 2G mobile licenses were granted in 1996. The mobile contributed to winning of the Nobel Peace Prize in 2006. Exploding inward remittance, over 2G mobile, is one of the examples of tangible contributions.

People want universal access to education and healthcare. And they are ready to pay for it. But the government cannot deliver it overnight. Broadband over third generation (3G) mobile is ready to bridge

that gap.

Few public universities have introduced online admission. Online video lectures and online examinations are among the next logical steps. Affordable broadband internet through 3G mobile will lift the rural scholars to the mainstream.

Migrating from 2G to 3G is merely a matter of granting the designated radio frequency. The telecoms regulator should immediately assign it. The barriers from international gateways should also be removed, as the banking regulator did for inward remittance. Incoming overseas calls contributes to the exchequer exactly the way inward remittance does.

Mobile broadband over 3G, with restructured international gateways, will revolutionise the economy with stunning dividends. The policymakers are aware of it. The industry is ready for it. The users are eagerly waiting. All it needs is the political will.

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ELECTRONICS

Philips launches cinemascope LCD TV



STAR BUSINESS REPORT

Leading consumer lifestyle brand Philips launched a new 56" LCD television in Bangladesh yesterday.

It is dubbed cinemascope by Philips because it replicates a cinematic viewing experience, minimising the visibility of black bars.

The TV is a jump ahead of Philips' rivals in LCD technology advancement. The television has been priced at Tk 595,000.

"This is the world's first cinemascope LCD television -- Cinema 21:9," said Arthur van der Wateren, senior marketing manager (TV) for Asia Pacific of Philips Consumer Lifestyle, at the launch of the product at the Westin hotel.

The television set measures 56 inches diagonally and has a resolution of 2560x1080. It also features Ambilight Spectralight technology.

Ambilight, short for ambient lighting technology, is a feature invented by Philips Electronics, generating light effects around the TV that correspond to the video content.

The effect, the company says, is a larger virtual screen and a more immersive view-

ing experience. Ambilight also reduces the visibility of a typical LCD problem: backlight bleed.

Traditional LCD televisions compromise on the cinematic viewing experience either by changing the aspect ratio or by inserting distracting black bars at the top and bottom of the screen, Wateren said.

"But our this innovation will perfectly display 2.39:1 (cinemascope) movie material to give the viewer an uncompromising and absorbing cinematic viewing experience."

Transcom Digital, the sole distributor of Philips in Bangladesh, will market the television.

Winner of the Best Innovation Award for 2009-10 by the European Imaging and Sound Association, the television will be available at selected Transcom Digital showrooms, said Jafrul Alam Khan, national sales manager of Transcom Electronics.

Arshad Huq, chief operating officer of Transcom Electronics, and Urasinee Patarasongkram, sales director for Asia Pacific of Philips Consumer Lifestyle, were also present.

Jafrul Alam Khan (1-R), national sales manager (retail) of Transcom Electronics Ltd, and Arthur van der Wateren (2-R), senior marketing manager for Asia Pacific of Philips Consumer Lifestyle, pose at the launch of the Philips Cinema 21-9 56" LCD television at a ceremony at the Westin Hotel in Dhaka yesterday. Transcom Digital will market the TV (price: Tk 595,000). Arshad Huq, chief operating officer of Transcom Electronics, was also present.



Japan Airlines files for bankruptcy

AFP, Tokyo
Japan Airlines filed for bankruptcy yesterday in one of the nation's biggest corporate failures ever, entering a restructuring that will shrink Asia's top carrier and its presence around the world.

Staggering under a \$25.6 billion debt mountain, the carrier applied for protection from creditors under the Corporate Rehabilitation Law -- Japan's version of Chapter 11 -- with the Tokyo District Court.

Japan's flagship airline will slash nearly 16,000 jobs, reduce pensions for retired staff, cut routes and shift to more fuel-efficient aircraft as part of its restructuring.

Some \$10 billion of government cash will keep JAL's planes in the air during the reorganisation. Lenders will forgive \$8 billion in debt, and JAL shares will be removed from the Tokyo Stock Exchange on Feb 20, wiping out investors.

There was no word on the outcome of a fierce tug-of-war between Delta Air Lines and American Airlines for a slice of JAL's business. Despite its woes, the airline's access to Asia is a mouthwatering prize for foreign airlines.

A state-backed turnaround agency pledged 900 billion yen (\$10 billion) in financial support for JAL -- 600 billion yen in credit lines and a 300 billion yen cash infusion. The bankruptcy is the fourth-largest in Japan, according to figures from Teikoku Databank, which tracks corporate failures.

"This is not the end of JAL," transport minister Seiji Maehara told reporters. "Today is the beginning of a process to keep JAL alive."