

International Business News

China vows to support steel mills in iron ore talks

AFP, Beijing
China said Tuesday it will support domestic steel mills in their thorny iron ore price negotiations with global miners even after the Australian government bluntly told Beijing to stay out of the talks.

"As the world's largest iron ore consumer, the interests of Chinese steel mills should be reflected in the negotiations," commerce ministry spokesman Yao Jian told reporters.

The steel mills wanted to maintain the "long-term contract price mechanism" to avoid large price fluctuations for the commodity, he said.

Yao did not say how Beijing would support the steel mills in the negotiations, aimed at striking annual contracts with Anglo-Australian mining giants BHP Billiton and Rio Tinto, and Brazil's Vale.

China's state media reported at the weekend that more than 10 top domestic steel mills had asked Premier Wen Jiabao to make the iron ore benchmark price talks "a matter of national importance".

For the first time in decades, China's steel industry and the mining companies failed in 2009 to hammer out a deal on prices.

Steel industry leaders have warned the government they cannot agree to the 90 percent price hikes demanded by the miners and that such a rise could hurt national interests, the China Securities Journal reported.

Shell to boost production, cut more jobs

AP, Amsterdam
Oil company Royal Dutch Shell PLC said Tuesday it will boost production by 11 percent by 2012 from 2009 levels, slightly more than previously forecast, and sell assets and cut more jobs.

The targeted output rise, to 3.5 million barrels of oil per day, would reverse a decade of production declines at Europe's largest oil company.

"Although oil companies have been cushioned from the recession by Opec's action on quotas and oil prices, Shell has been disadvantaged recently, due to our higher exposure to refining," said Chief Executive Peter Vosser in a discussion of the company's strategic plans.

He said the company expects oil "to trade typically in a \$50-\$90 range, and to trend to the upside."

Shares rose 1.3 percent to euro21.34 in Amsterdam. In a statement, Shell said it plans up to \$3 billion in annual asset sales in coming years, disposing 15 percent of its refining capacity.

"The global refining industry may be in oversupply for some time," Vosser said.

Shell expects up to \$27 billion per year in capital expenditures.



AFP
An Indian labourer carries a bag of cement towards a waiting truck at a warehouse on the outskirts of Hyderabad yesterday. Rising cement sales of some 13.71 million tonnes in the month of February in India have raised the price to between Rs 190 to Rs 205 (\$4.28 to \$4.50) per bag as construction goes through an unprecedented boom in one of the world's fastest rising economies.

Lehman administrator files plan to end record bankruptcy

AFP, New York
The administrator for failed Wall Street giant Lehman Brothers filed plans Monday to end the largest bankruptcy in US history, opening the way for the creation of a new company.

"The proposed plan represents a fair economic resolution for all Lehman creditors and will accelerate recoveries to creditors," said Bryan Marsal, chief executive and chief restructuring officer of Lehman Brothers Holdings, in a statement.

The plan also tries to avoid "unnecessary, extended and expensive litigation that could adversely impact recoveries to creditors," Lehman Brothers added in its filing.

Lehman collapsed in September 2008 in the largest bankruptcy in history, triggering a financial shockwave that dragged the global economy into recession.

The new plan is likely to lead to a fight over claims from creditors that total a whopping 875 billion dollars, much of which would be written off under the reorganization.

The 93-page filing in New York bankruptcy court calls for the creation of a new entity called LAMCO, which would carry on in asset management specializing in the commercial real estate, residential mortgages and other activities to help pay off creditors.

A large portion of Lehman's assets were acquired by British bank Barclays for 250 million dollars in a deal that has since faced considerable criticism as unfairly advantageous for Barclays.

INTERVIEW

The quiet innovator

Viyellatex chairman explains what it means to be in fierce battle for survival

INAM AHMED and ARUN DEVNATH
Eat or be eaten. Welcome to the business world.

In ancient times, our ancestors had to run for miles for food or be devoured by predators. In the present world, the battle for survival is still fierce. It is more so for businesses. The only survival guide -- often keenly followed by some businessmen -- is innovations. So does Viyellatex, an apparel giant. For one, it reuses hot air from fabric dryers to aircondition its factory.

One of the most significant innovations the company has ever made is the reuse of waste steam it generates every day. Garment factories pump out lots of steam as they use many heated processes and most drain out their waste steam into the environment.

But Viyellatex re-condenses and re-feeds waste steam into its boiler feeder reservoir. The boiler that needs heat to function gets an instant 70-80 degrees Celsius from the preheated waste steam. The result is, 40 percent of cost is saved as the system saves water and gas.

"We don't drain out the steam. We reuse it. It's our most innovative project," says David Hasanat, chairman of Viyellatex. "This is in our DNA -- how to save."

Business is not an event, it is a process driven by innovations. Without these, a company runs the risk of being knocked out of market, Hasanat says.

The company that started its journey in 1996 has evolved with time, by making changes in its system -- big or small.

The garments factory, located in Tongi, reuses exhaust from 5-megawatt gas generators, in another innovative project. Exhaust is redirected to the factory's chiller feeder and used for "co-generation" chiller. A chiller is



David Hasanat

a machine that removes heat from a liquid via a vapour compression or absorption refrigeration cycle.

The project can produce 900-tonne air-cooling pressure, which is used in the factory's air-conditioning systems. It saves substantial energy and reduces carbon emission.

"It saves money," says Hasanat. The system saves at least Tk 600,000 in utility bills a month.

A similar project has been put in place to reuse exhaust from fabric dryers. When exhaust from dryers is redirected to air-inlets and burners, it reduces gas burning and saves a "hefty quantum of energy".

"In these projects, we have reached perfection." Hasanat takes pride in "indigenous innovations" as he speaks to The Daily

Star, sitting in his cosy conference room. For the media, this is a green innovation. "To us, this means business."

The re-cycling and reuse of effluent water not only saves the environment. It makes business sense -- again, saving costs, that is.

Viyellatex recycles much of the 300,000 litres of effluent water generated by the factory a day, and processes it through a plant. The treated water is reused as toilet flush water -- enough for 8,000 employees at the Tongi factory. It saves 90 million litres of underground water a year.

For Viyellatex, rainwater is an alternative source of water used for daily fabric production. During six months of monsoon, rainwater is preserved from the factory's

250,000 square feet rooftop. It is processed through simple filtration and used for production purposes. The project saves 45 million litres of groundwater a year, Hasanat says.

Food residue does not litter the factory anymore. As many as 7,000 workers create about 50 tonnes of food residue from lunch a month. The vans that come to the Tongi factory every day, loaded with yarn from the company's spinning mill, carry the food leftover on their way back. Food residue is composted and recycled for natural fertiliser on the company's open land just beyond the spinning mill. Some of the fertiliser is distributed among neighbouring farmers for free, and the remaining amount is sold to Ruthna Tea Estate, also owned by

Viyellatex Group. "This is for our business sustainability. This supports our business. The idea came from a team member," Hasanat says. The earnings from the sales of fertiliser amount to Tk 150,000 a month.

These are all inspired by a theory -- cut waste and create value for customers, which is now the company's focus.

Viyellatex has adopted the lean system, a manufacturing practice that considers the spending of resources for any goal other than the creation of value for customers to be wasteful. Lean manufacturing, a generic process, has stemmed from the Toyota production system that eliminates waste.

"We try to follow the trends. We are evolving with change. Without change, no-one can sustain," says Hasanat.

A company that clocked up \$165 million (more than Tk 1,144 crore) in turnover in 2008-09 is capable to spend some money on training and technology adoption, the two things that pay off in the end.

Viyellatex has set aside \$7,000 for two company officials for training in lean manufacturing for a week -- a practice Hasanat says is worth paying for.

Viyellatex had earlier installed business management and software solutions (SAP) at a cost of \$2 million.

As part of technological integration, the company put in place GSD software to analyse products and calculate standard minutes values (SMV) -- an index that gauges the capacity of a factory a day.

"And we have the most powerful server. Without these tools, we cannot operate," Hasanat says.

It is the innovations and changes with time that have kept the company on course. These were done out of necessity -- not to fall behind. Not to be eaten.

COLUMN

Software piracy and internet access

HABIBULLAH N KARIM

Two articles on the above two subjects published in the law section of The Daily Star on January 22 drew my attention as both matters are of great concern to the ICT industry.

While the former of the two articles is a poorly written and poorly argued piece on the ethical propriety of software copyrights, the latter is a well written and well argued piece on the necessity of universal internet access.

Software piracy by definition is an act of unauthorised use of software that is protected legally under proprietary intellectual property rights. As such piracy is recognised in law as a cognizable offence and if convicted can be punished as per criminal jurisprudence of the land where such a crime is committed.

In Bangladesh software copyright is recognised since the enactment of copyright amendment act of July 2000.

The statement that "There are debates as to what extent can software be said to be an innovation since it is mostly based on mathematical algorithms..." is a clear obfuscation of the issue of intellectual property rights. The alphabet of any language and the dictionary containing all the words of a language are in the public domain. That doesn't mean a novel written in the language using the alphabet and the publicly known words of the language can't have a proprietary copyright claim.

The author also manifestly confuses IPR issues with trading issues and IP philanthropy. While the author railed against economic hegemony of the developed countries through enforcement of IPR, he fails to point out the beauty of the open market economy where the consumers are free to choose and there can't be any compulsion for using proprietary software and technology.

If the license fees or usage fees of copyrighted software is beyond someone's buying power, he/she can always opt for open source software, which doesn't require any license fees or usage fees. Respecting intellectual properties is a pre-

requisite for building a knowledge-society that we aspire to. Whether it is software, designs, trade marks, technological know-how, movies, music or books, we must be keenly aware of the ethical principle of respecting the rights of intellectual creations by anyone or any organization anywhere in the world. If we allow such unlawful transgressions in the intellectual space, by extension, we also encourage property transgressions in the physical space.

Just as we despise the illegal land-grabbing, tender-grabbing or stealing taxpayers' money on ethical principles of propriety, we must also not condone encroachment onto other peoples' intellectual prop-

erty and assets. Respecting people's property rights, whether physical or intellectual, must be taught early on and should be made part of ethical teachings in all schools.

One might argue that at many schools students learn on pirated software, as most schools can't afford the licensing fees of packaged software needed for any kind of computer use. People who make such arguments are not aware of ethical options of using legally available software at little or no cost to the schools. For example, almost all major packaged software from multinationals, including Microsoft, are available for licensing to schools at no charge. Alternatively 'open source software', that is, software that are developed by a global compact of software philanthropy, are available without any licensing fees ever.

With these options, schools can always opt for legal software and teach young minds the value and necessity of respecting intellectual property rights, such that they themselves can be the creators and beneficiaries of intellectual properties later in their lives. More than physical properties, the global economy these days is dominated by intellectual properties.

The sooner we take that lesson to heart the sooner we will be able to play in the modern economic battlegrounds on equal terms.

Today's economic battles are fought as much in physical spaces such as markets and meeting rooms as in virtual spaces such as online marketplaces, for example, GoogleAds or online social networks such as Facebook. The only way one can get access to the cyber space is through the internet. That's why internet access for all citizens is a sine qua non to any development agenda in the twenty-first century.

Internet today is not just an economic necessity but is the lifeline for ubiquitous social interaction, universal quality education, no-holds-barred competition and equitable access to human knowledge. No wonder many countries of the world have already recognised internet access as a basic right.

With half the population still without wired electricity and without basic literacy, one might wonder whether we need to have internet access as a basic right. However, when one considers the fast spreading reach of non-wired electricity in remote areas, thanks to solar power units and the effect of indirect literacy, that is, the way people who can't read or write take help of people who can to benefit from modern ICT applications such as exchanging messages through SMS (texting) or emails, we can easily see how the internet, specially through the wireless medium, is already a necessity in this country.

Universal internet access rights and universal intellectual property rights are two aspects of the rights and privileges of the modern human society that no nation can afford to be without.

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British PM blasts BA strike, airline vows to keep flying

AFP, London

British Airways (BA) vowed Monday to keep 60 percent of its customers flying during a looming strike, as Prime Minister Gordon Brown urged a trade union to call off its "deplorable" action.

Unite, Britain's biggest union, announced Friday that BA cabin crew members will walk out for seven days between Saturday and March 30 in a row over changes to crew numbers and working practices.

The first wave of strikes will take place for three days from Saturday, followed by a second walkout from March 27 for four days, causing misery for thousands of travellers in the run-up to Easter.

Brown has faced criticism over his handling of the dispute from the main opposition Conservatives, who say he does not want to upset Unite, a major donor to his Labour party, ahead of this year's general election.

"Around 60 per cent of our customers will be able to fly as planned and many thousands more can be rebooked onto alternative BA flights or onto rival airlines," BA chief executive Willie Walsh said of the first wave.

The airline will give more details on arrangements for the second stoppage period "once we start to understand just how many cabin crew are willing to work as normal," Walsh added.

BA is aiming to keep most of its passengers in the air in the first period by using staff who are not striking, as well as leasing up to 22 planes with pilots and crew from up to eight other European airlines.

The dispute between BA and the union was earlier condemned by Brown, who urged it to be called off.

"It is the wrong time, it is unjustified, it is deplorable, we shouldn't have a strike," Brown told BBC radio on Monday.