

International Business News

US sees biggest job growth in three years

AFP, Washington

The recession-racked US economy is "beginning to turn the corner," President Barack Obama said as data showed 162,000 jobs were created in March, the biggest increase in three years.

The US Labor Department said Friday that job creation leaped dramatically in March after years of near-continual losses, although the increase was not enough to budge the unemployment rate from 9.7 percent.

With close to one in 10 American workers unable to find a job, the figures were an eagerly-awaited indicator of the strength of the economic recovery.

In a rare positive report, the Labor Department said job creation rose markedly from February, when the economy lost 14,000 posts according to revised figures.

News that the economy is again creating jobs came as a relief to Obama, who lauded the report as a sign the still-fragile economy was on the mend.

"I have often had to report bad news during the course of this year," Obama said at a factory in North Carolina.

"Today is an encouraging day. We learned that the economy actually produced a substantial number of jobs instead of losing a substantial number of jobs.

"We are beginning to turn the corner... the worst of the storm is over."



AFP
New Italian Fiats are being displayed on the opening day of the New York International Auto Show in New York City on Friday. The show, which will run through April 11, features a significant number of green vehicles this year. All of the major car makers are debuting fuel efficient, electric and hybrid vehicles in accordance with the rising cost of fuel and more stringent rules on fuel economy for auto makers.

Indian expats send home

\$55b in 2009

AFP, New Delhi

Remittances to India increased to 55 billion dollars in 2009, making the country the biggest recipient of money from overseas migrant workers, a report said Friday.

India has been the world's top remittance earner for more than a decade and depends on the money transfers as a key source of finance along with foreign direct investment.

The 2009 figure of 55.06 billion dollars was up seven percent from 51.6 billion dollars in 2008, the Economic Times said, citing central bank data, and just two billion dollars a year in the late 1980s.

The increase in remittances came despite the financial crisis and global economic slowdown last year which had been expected to hit migrant labour.

The central bank attributed the higher remittances to India being perceived as a relatively safe option during the financial crisis, a hike in interest rates on non-resident deposits and new investment products.

China is second behind India in remittances, receiving 48 billion dollars and Mexico is third with flows of 26 billion dollars, according to figures for 2008 compiled by the World Bank.

Malaysia exports up

18.4pc in February

AFP, Kuala Lumpur

Malaysia said Friday its exports, the mainstay of the economy, rose 18.4 percent year-on-year in February due to stronger demand for electronic goods and commodities.

The trade ministry said in a statement shipments rose to 46.84 billion ringgit (14.4 billion dollars) while imports were up 27.9 percent to 35.17 billion ringgit, producing a surplus of 11.67 billion ringgit.

The ministry said the increase was due to higher exports of electrical and electronic products (up 23.5 percent), crude petroleum (125.7 percent) and palm oil (31.3 percent), among others.

Electrical and electronic items account for more than one-third of Malaysia's total exports to key markets such as China, Singapore, Japan, Thailand and the United States.

Export-dependent Malaysia, Southeast Asia's third-largest economy, was hit by the global slowdown as its economy shrank 1.7 percent last year but the central bank has forecast a 5.5 percent expansion for this year.

Most US firms in China are optimistic despite challenges

AFP, Beijing

Most US firms in China are positive about the future, despite growing concerns about discriminatory policies they say limit their access to the country's massive market, a survey released Friday said.

The American Chamber of Commerce in China asked 388 companies about their five-year outlook for the Asian nation, with 91 percent saying they were slightly optimistic or optimistic, compared with 81 percent in 2009.

The survey was conducted late last year before Google's spat with Beijing over censorship and the trials of four Rio Tinto employees in China.

While most American companies were doing well in China -- 71 percent said they were profitable or very profitable -- they faced "complex challenges", said John Watkins, chairman of the business group.

INTERVIEW

Orascom willing to branch out

Banglalink's parent company sets strategy to cut cost as Airtel comes in

INAM AHMED

Orascom, the Egypt-based parent company of Banglalink, wants to expand its business in other sectors such as cement, fertiliser and banking in Bangladesh.

"We want to invest more in Bangladesh," said Naguib Sawiris, chairman and CEO of Orascom. "But Bangladesh government should offer us scope, should show us where we can invest. The Bangladesh government should announce a package through the Privatisation Commission and Banglalink is ready to sponsor such exposition."

"I love Bangladesh. Its people are hard-working. Cultures of the two countries are also similar. We have slow-moving bureaucracy, corruption, slowness, poverty and the same religion. So it is easier for us to invest in Bangladesh," Naguib said.

Orascom is understood to have shown interest during the caretaker government to start banking and invest in some other sectors. But it did not get any response.

Orascom Telecom Holding was established in 1998 and has grown to become a major player in the global telecommunications market in the Middle East, Africa, and South Asia. Orascom Telecom is a leading mobile telecommunications company operating in eleven emerging markets having a population under licence of 498 million with an average mobile telephony penetration of approximately 46 percent as of December 31, 2008.

Other than telecom, Orascom has operations in hotels, construction and IT solutions.

Asked what his company's strategy would be once Airtel comes into the foray in a market that is already witnessing fierce competition, Naguib became rather philo-

sophical that matches the look of his modest office in Cairo.

"I know it will be a tough time for us. But Airtel's chairman Sunil (Bharti Mittal) is a good friend of mine and I am an emotional man. I don't want to go to war with a friend. I hate to win over a good friend. I believe in to leave and let live policy."

But then Naguib got into business talks. "We would do our best. Our challenge will be to reduce cost. We can't compete on price as Bangladesh already has the lowest tariff rates in the world. And this leaves us no option to cut rates."

Increasing communication is a great way of increasing investment in a country. When telecommunication proliferates, it leads to a boom in the cabling industry, trade, printing, advertising and media activities. There is a direct link between telecommunication growth and GDP growth.

He sees the high SIM tax as a big spanner in telecom growth in Bangladesh. This has led to an unhealthy situation for the telecom industry as growth has slowed in the poor rural areas.

Companies are losing money by subsidising SIM cards, but every sale of SIM involves a lot of investment in terms of network adjustment such as making facilities for SMS and other services. The average rural users spend so little that it does not justify expansion in rural areas.

Naguib narrated how Egypt lowered its corporate tax from 60 percent to 20 percent, which actually increased revenue 30 percent as more corporate bodies wanted to pay tax rather than to avoid it.

"But our strategy is still to grow with the hope that a reasonable government will reduce SIM tax. Banglalink could have been making profit if it did not have to subsidise SIM cards."



Naguib Sawiris

OUTSOURCING

Apple's Asian suppliers under the radar



(L-R) Marc Labitzky of Manhattan, Florian Brunbauer of Austria and Andras Horvath of Hungary wait in line for the release of Apple's iPad at the Apple Store on Fifth Avenue in New York City on Friday. Millions of iPads will be assembled in China by Taiwan-based Foxconn.

AFP, Taipei

The fevered buildup to Saturday's iPad launch has demonstrated the brute efficiency of the little-known Asian suppliers responsible for turning Apple's design vision into hands-on reality.

Taiwanese touch-screen makers, South Korean chip producers and Chinese battery manufacturers have been adding workers by the hundred to staff extra factory shifts and meet double the forecast demand.

Along the way, the component makers have navigated technical hurdles posed by a product that Apple boasts will remake personal computing with its large, tactile colour screen, super-long battery life and suite of applications.

"iPad suppliers currently forecast eight to 10 million shipments in the calendar year 2010, up from prior expectations of five-plus million," Morgan Stanley analyst Katy Huberty said in a research note.

The iPad, the iPhon and iPod before it, is the totemic offspring of a globalised

economy where components and assembly are sourced to low-cost, high-speed manufacturers, with little regard for geography.

Simplo Technology Co. is Taiwanese but makes components for Apple at its plant in Changshu, in eastern China's Jiangsu province, and has recently shifted into overdrive to fulfill orders for iPad batteries.

Tapping China's massive labour market, the plant's "Apple Manufacturing Department" has added 700 workers since Lunar New Year in mid-February and now employs 1,800 people.

"The product has a tight deadline, and we've been increasing staff numbers to make it," said an executive at the department, giving her surname as Zhou.

"The output of the iPad battery is now 50 percent higher than it was in January," she said.

As a rule, Apple's Asian partners are loath to talk, bound by confidentiality agreements and the California company's notorious reluctance to allow outsiders a glimpse of its inner workings.

But in Taiwan alone, 20 enterprises are involved one way or the other in making the iPad, according to Jonathan Luo of the Topology Research Institute, a private think-tank in Taipei.

Millions of iPads will be assembled in China by Taiwan-based Foxconn, also known as the Hon Hai Group, according to numerous analysts and technology websites.

Taiwan's Catcher Technologies manufactures the device's silver casing, Novatek Microelectronics makes LCD drivers, and Dynapack International makes batteries, Luo said.

South Korea's Samsung, the world's biggest electronics group, is widely believed to have a hand in the super-fast processor that drives the iPad, along with lesser known chip foundries in Taiwan.

The multitude of suppliers is part of Apple's strategy of having ample back-up mechanisms in place, ensuring delivery even when the unexpected happens.

One example is the production of the

high-resolution touch-screen, which is new territory for Apple and its suppliers due to its 9.7-inch (25-centimetre) size.

"Most of the components in the iPad are mature items," said Mars Hsu, a Taipei-based analyst with Grand Cathay Securities. "The only component that may have had production problems is the touch-screen."

The main supplier has been TPK Touch Solution. But in a possible indication of technical obstacles, Apple appears to have switched at least some of its screen orders to Wintek, Hsu said.

Both TPK and Wintek declined to comment.

Overall, while customers are set to discover whether all of Apple's furious hype is worth it, the iPad has shown what the global integrated economy can engineer in a short space of time.

Shipment appears to be "right on track regardless of the recent strong rush of demand", said Dean Daeyun Lim, a Hong Kong-based technology analyst with Mirae Asset Securities.