

International Business News

India restricting Chinese telecom purchases

AFP, New Delhi

India has blocked its fast-growing telecom sector from buying some Chinese-made equipment, an Indian mobile operator said Friday, in a move set to stoke trade tensions between the emerging giants.

An executive of a Indian mobile operator said his company had received a letter from the Indian government saying it could not buy equipment from UTStarcom, a US-based company that manufactures in China.

"We were told we could not buy equipment from UTStarcom. I believe most operators have received such letters," the executive of one of India's larger mobile operators, who asked not to be identified, told AFP.

A manager at UTStarcom, the leading provider of hardware for Internet television services in Asia, said he could not immediately comment.

Earlier Friday, a Chinese trade body complained telecom equipment makers in the country were being prevented from selling to Indian telecom companies on security grounds.

Delhi weighs capital controls with rupee on rise

AFP, New Delhi

India's government is weighing capital controls with the rupee on the rise amid fears of "hot money" flowing into the country as investors pile back into Indian assets.

Unlike fellow emerging market giant China, India allows its currency to float freely and the central bank has warned of the dangers of "sharp and volatile" exchange rate movements that could hurt India's economy.

With the rupee riding at 18-month highs against the dollar, one idea Reserve Bank of India Governor Duvvuri Subbarao is airing to curb sudden big movements in the currency's value is a tax on foreign exchange transactions, known as a Tobin tax, similar to one Brazil introduced last year.

"Depending on what flows come in, we would employ measures, including if necessary something like the Tobin tax," Subbarao said last week, referring to a proposal first aired in the 1970s by Yale economics professor James Tobin.



AFP

People wait in line at a government employment office in the centre of Madrid. Spain's unemployment rate rose to 20.05 percent in the first quarter, from 18.83 percent in the fourth quarter of 2009, the national statistics office INE said. The number of jobless soared 286,200 in the three months to March over the previous quarter to reach 4,612,700 people.

Greece outlines harsh spending cuts before bailout

AP, Athens, Greece

Greece's finance minister outlined deep spending cuts and tax increases Sunday to free up a multi-billion-euro rescue by the International Monetary Fund and European Union, the first bailout for one of the 16 countries using the euro.

The measures, which include tax increases and salary and pension cuts for civil servants, aim to reduce the budget deficit to below 3 percent of gross domestic product by 2014, from the current 13.6 percent of GDP, George Papaconstantinou said.

"We are called on today to make a basic choice. The choice is between collapse or salvation," he said.

The full amount of the three-year IMF/eurozone package will be announced in Brussels after an emergency eurozone finance ministers' meeting, where Papaconstantinou was heading after his Athens news conference. He said the amount would be "close to" widely reported figures. French and other officials have said it would be euro120 billion.

Buffett supports Goldman at Berkshire meeting

AP, Omaha, Nebraska

Berkshire Hathaway CEO Warren Buffett declared his support for Goldman Sachs Group Inc CEO Lloyd Blankfein Saturday, and said he has no plans to sell his company's stake in the bank.

Buffett and Berkshire vice chairman Charlie Munger praised Goldman before a crowd of about 40,000 at Berkshire's annual shareholder meeting. Both executives said they're happy with Blankfein's leadership and said they don't view the Securities and Exchange Commission's civil fraud charges against Goldman as a strike against him.

WORLD FAIR

Shanghai shines

SAJJADUR RAHMAN, from Shanghai

By any chance you step in China, the enthusiasm and festivity everywhere will not spare your eyes.

It is something big, or to be precise it all happens centring a mega event in Shanghai, commercial hub of the world's third largest economy.

This is World Expo 2010. Buildings, hotels and restaurants all around have been decorated colourfully. The government and people see it as 'no less than the Olympics 2008'.

"It's just like the Beijing Olympics," said Kang Bing, deputy chief editor of the influential China Daily. The daily publishes special pages on the expo.

Over 150 journalists from different countries have gathered in Shanghai to cover the extravaganza which China has promised to be more impressive than all the previous ones in its history of over one and half centuries.

The exposition has been on since Saturday, which coincided historic May Day. President Hu Jintao opened it. It was a red-letter day as the show is being hosted by a developing country for the first time after 159 years. The United Kingdom organised the first such an exposition in London in 1851.

The presence of nine out of the 10 Chinese top policymakers, French President Nicholas Sarkozy and leaders of dozens of other countries have added a dimension to the second the World Expo.

This is an exposition where numerous inventions are introduced. These inventions changed the history of mankind, which include electric light, telephone, automobile and the rocket ship.

The number of participants this time is 242 -- 192 countries and 50 international organisations



Fireworks illuminate the sky during the opening ceremony of the World Expo 2010 in Shanghai on Friday. World leaders gathered in Shanghai as the city kicked off the World Expo with a star-studded opening ceremony that ended with skies over the city set ablaze in a massive fireworks show.

which is the highest-ever. And the number of visitors is expected to be around 70 million, nearly half the population of Bangladesh.

The theme of the Shanghai world Expo 2010 is Better City, Better Life, embodying the mankind's desire for a better urban development. The design for all of its pavilions epitomises dream cities. Designers used creative and advanced environmental protection technologies in building the pavilions.

China has spent over \$50 billion, of which \$45 billion has been spent on building infrastructure. Laks of tonnes of steel are used.

Common people, particularly

the Shanghaiese, eye a brisk business from the show, which will continue up to October 31.

"We expect that a good number of foreign tourists will visit Shanghai this time," said Zhang Ji Fu, general manager of Central Hotel in Shanghai.

Hotels and restaurants already recruited new guys to serve the people visiting the expo.

"We see the number of foreigners arriving is more than the usual," said Zhung Lee, an waiter of a restaurant at Oriental Pear TV Tower, a revolving 468-metre high building.

During a press briefing on April 28, Chinese Vice Foreign Minister

Zhang Zhijun was very upbeat on the event.

"For the rest of the world it is an opportunity to know China better. We'll also get the chance of knowing other nations in the world," he said.

The minister also hoped that mutual understanding and trust would deepen this time.

He identified four benefits of the Shanghai Expo. Interdependence between regional countries will grow despite globalisation, Zhijun thinks. Besides, economic and trade cooperation will be strengthened.

The trust among common people will also be increased

through further cooperation in the fields of science, technology, education and culture, the minister hoped.

The pavilions of different countries in the Shanghai show depict their future vision of urbanisation.

For example, Hong Kong has adopted the theme 'Hong Kong Potential Unlimited' to show how its people fully utilise their limited land resources.

The 160,000 square metres Chinese pavilion symbolises the cohesion of the diversified people. Japan makes its pavilion look like a purple.

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A giant opportunity for big business

AP, Shanghai

China's commercial capital of Shanghai has always been all about business. Nowhere is that more evident than at its World Expo, a giant bazaar of ideas, technologies and outright PR offensives focused on the world's fastest-growing major market.

In a cash-strapped 21st century of market meltdowns and big bailouts, the Expo, which opened to the public this weekend, is a multibillion dollar business opportunity that has yielded massive contracts for design, equipment and engineering firms.

Since they started out displaying new industrial technologies alongside new design and cultural offerings in the mid-19th century, world's fairs have always been something of a global marketplace in miniature.

With China's economy growing faster than most and poised to soon overtake Japan's as the second-biggest after the United States, the Expo's role as a venue for networking and marketing is bigger than ever before.

"It gives everyone an excuse to come to China. It's going to be parties and receptions and networking and mingling and looking around," said James McGregor, a senior counsellor for consulting firm APCO Worldwide Inc and author of the book, "One Billion Customers: Lessons from the Front Lines of Doing Business in China."

Given China's growing status and power, even crisis-stricken Greece and Iceland went ahead with plans to stage pavilions, wary of the costs of lost opportunities in this huge and growing market.

"We're getting the word out that we stand for so much more than just maybe the headlines about the financial crisis and ash closing down the airports in Europe, we have other things to offer," said Hreinn Palsson, Iceland's consul general in Shanghai and its Expo commissioner general.

"We're using this event and these facilities to establish connections, establish a point that companies can come to and work out of here in China," he said.

Corporations both Chinese and foreign are also here in force. Cisco Systems, Coca Cola and General Motors have pavilions built on a scale to match some of the biggest countries. Chinese shipbuilders, appliance makers, telecoms companies and food providers -- practically everyone with a stake in China's huge market is here.

While organisers and participants have



People perform during the opening ceremony of the World Expo in Shanghai on Friday. From the United States to North Korea, 192 countries will have exhibitions at the six-month event.

rarely disclosed contract terms, the event is proving a windfall in hard times for many, with its official budget of roughly \$28.6 billion and many billions more spent on new subways, roads, airport terminals and other trappings of affluence, not to mention the huge sums spent by participating coun-

tries. Spending just by tourists during the six-month event is forecast to reach 45 billion yuan (\$6.6 billion), according to Chinese state media.

"It was clear from our first meeting with the Expo organizers that this expo would be

very different to the ones in the past. China was going to give it a special recognition and it would become a big global event," Coca Cola's CEO Muhtar Kent said in an interview.

"Our brands benefited substantially by being part of Chinese priorities and aspirations," Kent said of his company's involvement, as a longtime Olympics sponsor, in the 2008 Beijing Olympics. With the company's "Happiness Factory" Expo pavilion, "We thought this would be a wonderful way for us to showcase what we are doing in China," he said.

The construction of more than 200 pavilions on the Expo site brought in scores of foreign design, architecture, engineering and equipment companies, hired both by China and by participating countries.

"The whole Expo is our pavilion," quipped Richard Hausmann, president and CEO of Siemens China. The German company is a sponsor and contractor for lighting systems and building technology and equipment in 40 projects at the Expo and also a key supplier for Shanghai's subway and railway projects, among many others.

Many of the 189 countries with pavilions at the Expo are likewise showcasing their own manufacturers and giving corporate sponsors an opportunity to reach the expected 70 million visitors to the six-month event.

Behind the public viewing areas, most pavilions have luxurious VIP lounges for sponsors keen to use the chance to polish their "guanxi" or connections, with potential clients.

"It's a fabulous opportunity for business-to-business, business-to-government and government-to-government networking," said Bob Rogers, chairman of BRC Imagination Arts, whose company is handling the US pavilion's design and programming.

The USA Pavilion, which struggled to raise its \$61 million budget from recession-strapped companies since it is not government-funded, allotted an entire hall to its corporate sponsors, who include such big names as General Electric, 3M and Wal-Mart.

Canada threw 45 million Canadian dollars (\$44 million) into its "C" shaped, timber-slatted pavilion, which was designed and programmed by the Cirque du Soleil. And they recruited Mark Roswell, a.k.a. "Dashan" -- a Canadian television personality famed for his fluency in Chinese -- as its host.