

International Business News

Mahindra submits letter of intent for Ssangyong

REUTERS, Mumbai
Mahindra & Mahindra, India's largest utility vehicles and tractor maker, on Saturday said it had submitted a letter of intent to make a bid for Korean sport utility vehicle (SUV) maker Ssangyong Motor.

On Friday, sources had told Reuters that Mahindra and Renault had both submitted letters of intent for Ssangyong.

"We have submitted an expression of interest for Ssangyong. If we are one of the companies shortlisted, then we will undertake a due diligence," Pawan Goenka, president of Mahindra's automotive sector told reporters.

"We have to look at the economic viability of the company and how it fits into our strategy before we make a bid," Goenka said.

Mahindra has been on an acquisition spree lately as it seeks to expand its portfolio. In April, it said it was buying out Renault's stake in a joint venture making Logan sedans in India, its first entry into the passenger car segment.

Reliance Industries strikes oil in western India

AFP, Mumbai
India's largest private oil exploration firm Reliance Industries announced on Friday its fifth oil discovery in an on-land exploration block in the west of the country.

The block, covering an area of 635 square kilometers (245 square miles) in the Cambay basin in the western state of Gujarat, is located about 130 kilometres from Ahmedabad city.

The well initially yielded 255 barrels of oil per day, the company said, describing the find as "significant" and raising hopes for more oil to be discovered in the region.

The discovery has been named "Dhirubhai 48" after the founder of the Reliance empire, Dhirubhai Ambani, and because it is the 48th oil discovery by the firm in India.

Reliance holds 100 percent participating interest in the block and is working on more exploration, as India seeks greater self-reliance in energy to keep pace with its rapid economic expansion.

India currently imports some 70 percent of its oil needs, a figure experts believe could rise to 90 percent by 2030.

"The potential commercial interest of the discovery is being ascertained through more data-gathering and analysis," the company said in a statement.



A truck pulls out of a construction site, which had been halted due to the economic recession and the slowdown in the real estate market on 57th street on Thursday in New York City. The site will eventually house a Whole Foods among other businesses. As the economy gradually improves, hundreds of once dormant construction projects in New York City are beginning to start up again.

Nokia, Sony join chorus of concern over China factory

AFP, Beijing
Technology giants Nokia and Sony on Friday joined a chorus of concern over labour conditions at a vast assembly plant in China after yet another attempted suicide by a worker who slashed his wrists.

The companies said they were looking into conditions at the factory in the southern economic zone of Shenzhen run by Taiwanese supplier Foxconn, following similar pledges by Apple, Hewlett-Packard and Dell.

In an apparent effort to confront a growing tide of bad publicity over the suicides, Foxconn announced Friday a 20 percent rise in salaries at its China plants.

The vow came as Chinese media reported another employee survived a suicide bid on Thursday at the vast plant, where 10 have died recently in apparent suicides. An 11th worker died at a Foxconn factory in northern China.

Shell buys US gas group East Resources for \$4.7b

AFP, London
British energy giant Royal Dutch Shell announced on Friday that it had agreed to pay 4.7 billion dollars (3.8 billion euros) in cash for most assets owned by US natural gas explorer East Resources.

Shell said in a statement that it had agreed to acquire subsidiaries which own substantial amounts of East Resources' business.

"Shell has agreed to acquire subsidiaries which own substantially all of the business of East Resources for a cash consideration of 4.7 billion dollars, from East Resources, and its private equity investor Kohlberg Kravis Roberts & Co. and its advisors Jefferies & Company.

"The transaction is subject to certain regulatory approvals," Shell added.

East Resources is a privately-owned business with its primary activity focused on the Marcellus shale rocks in the northeastern United States.

COLUMN

Investing in Bangladesh

MAMUN RASHID

In today's age of globalisation and inter-regional collaboration, the world has become a global village. Trade liberalisation, flow of foreign direct investment (FDI) and development of capital markets -- the widely acknowledged "three pillars of globalisation" -- have brought economic prosperity to many nations.

FDI inflow, which reached \$1 billion for the first time in 2008, increasing market capitalisation in the bourses, and a respectable GDP growth helped Bangladesh rank among the top three South Asian countries.

Of late Bangladesh received Standard & Poor's "BB-" long-term and "B" short-term sovereign credit ratings for both foreign and local currency. Bangladesh has come a long way from its earlier "unknown risk" phase to a "stable outlook" which, according to S&P, reflects "expectations that a prudent macro-economic policy-setting will prevail and microeconomic reforms to gradually address growth constraints will continue". Moody's also certified Bangladesh's strong fundamentals.

Further, Bangladesh's regulatory regime vehemently supports private sector investment with incentives of 100 percent foreign ownership, repatriation of dividend and the foreign investment protection act itself. Companies such as Marico, an Indian corporate, have demonstrated the success potential in Bangladesh and have enabled other such investors to envision their participation in this market, in several promising sectors.

Power

With demand for power at around 5,600 MW against an average supply of 3,800 MW, there remains a consistent gap of 1,800MW. Only 35 percent of the population have access to electricity. Consequently opportunities abound.

Increasing the country's power generation to 8,000 MW by 2015 with requirements of around \$10 billion is the starting point. Coal-based small power plants, which would need around \$2 billion from joint-venture partners and debt financing, should also be considered. Particularly, to reduce dependence on gas-based power generation in the backdrop of potential depletion of gas reserves by 2015, the coal-based plants present strong possibilities. LNG (liquefied natural gas) terminals should also be explored.

On the policy front, the government is progressing on a draft public private partnership (PPP) policy, which will replace the existing Bangladesh Private Sector Infrastructure Guidelines (BPSIG). The "Bangladesh Public-Private Partnership Policy and Guidelines" is expected to incorporate provisions for special fiscal incentives and hence, be more investment-friendly.

Telecom

Telecom is one of the fastest growing sectors with around 54 million subscribers (30 percent of the population) and six operators (mostly foreign-owned). Due to large



Only 35 percent people in Bangladesh have access to electricity. So opportunities are plenty to invest in the country's power sector.

investments by NTT DoCoMo and Bharti Telecom, the FDI inflow has grown at 50 percent. As the government is unlikely to issue more mobile licences, future investment will be in proliferation of data-based and value added services. Implementation of 3G (third generation) licences will also require significant investment.

Further opportunities lie in manufacturing of handsets by utilising relatively cheap labour of the country. With some differentiation in quality, design or price, Bangladesh-India joint ventures can compete in the inexpensive phone set market.

Health care

The demand for health care services is rising rapidly because of increasing purchasing power of the growing middle- and upper-middle classes, increasing life expectancy, declining mortality and rising incidence of chronic and treatable diseases.

In response to these factors, private, premium-priced hospitals with international standard facilities, such as Apollo, United, Square, Popular, are now very popular. The registration of 200,000 patients with Apollo Hospitals Dhaka since 2005 is a testament to this popularity.

Further, considering that the Bangladeshis spend nearly \$200 million abroad for treatment, there is enough space to grow. Foreign investors can also play a bigger role in improving the health care standards by setting up world-class nurses/technicians training institutes.

Education

Increasingly we see a large number of undergraduates and graduates aspiring towards higher education abroad. Local

private universities have also grown rapidly in response to demand, despite the high premiums charged. Consequently, opportunities to establish campuses of renowned business schools, affiliations with private universities, especially reasonably priced secondary and higher secondary institutions, also abound.

Business Process Outsourcing

Outsourcing of services is increasingly popular as it allows organisations to focus on core competencies and capitalise on specialist knowledge in respective functions. While Bangladesh is still at the nascent phase, it must start pitching for Business Processing Outsourcing (BPO), primarily offshore outsourcing, now. Statistics shows that the global "addressable" BPO market is worth \$122-\$154 billion, of which \$10 billion+ is travel/hospitality, \$10 billion telecoms, and \$20 billion+ is finance, accounting and human resource. This is a huge market to tap as only 8 percent of that capacity was utilised as of 2006.

Though Bangladesh is comparatively new to this field, there is a huge potential in call centres, data entry facilities, and such sectors that can be served with low to medium level of skilled resources. The pie is big and growing -- it is up to us to partner with neighboring countries and investors and capture a slice.

Pharmaceuticals

Pharmaceuticals have gradually evolved from an import-based industry to a self-manufacturing one exporting to 70 countries with a market size of over \$750 million. Foreign investments -- either in the form of

joint ventures with Bangladeshi companies or other partnerships whereby research and development is run in laboratories in India with complementing manufacturing plants in Bangladesh -- should be welcomed. These companies, such as Sun Pharmaceuticals of India, can utilise the competitively priced labour in Bangladesh and use cost advantages to capture the export market.

Since Bangladesh has received exemption from Trade Related Intellectual Property Rights till 2016, manufacturers' ability to continue to produce pharmaceuticals products till the expiry of the exemption period increases the incentives greatly.

FMCG

Some other areas of interest could be FMCG (fast moving consumer goods) segments given Bangladesh's large population with progressive increase in purchasing capacity.

The present regime has identified PPP as one of the key focus areas and is committed to attracting foreign investors to thrust sectors. The government has resolved to ensure economic and political stability and foster transparency and availability of information. If we move forward to partner with the right organisation to invest in the right sector, only then it will result in mutual economic and commercial benefits. Most importantly, we have to move at the right time to tap the opportunities -- I believe now is precisely the right time.

The writer is a banker and economic analyst. The article is the excerpt of a keynote paper presented at a recent seminar in Dhaka.

TECHNOLOGY

iPad-mania as thousands queue for global roll-out

AFP, Paris

Thousands of die-hard Apple fans mobbed shops worldwide on Friday as the iPad, called a revolution in personal computing by some and limited and overhyped by others, began its global launch.

Long queues of customers snaked outside Apple shops in Australia and Japan hours before the opening and similar huddled masses turned out at stores in six European countries, including Britain and France.

The iPad -- a flat, 10-inch (25-centimetre) black tablet -- also went on sale in Canada as part of a global roll-out that was pushed back by a month due to huge demand in the United States.

One million iPads were sold in 28 days in the United States after the product's debut in early April despite mixed reviews from consumers.

The product is the latest from Apple, which dethroned software giant Microsoft this week as the largest US technology company in terms of market value, to create a frenzy.

At Apple's flagship store in Paris, set in the prestigious mall beneath the Louvre museum, 24-year-old engineer Audrey Sobgou beamed as she walked away with one of the prized tablets.

Sobgou travelled 205 kilometres (127 miles) from her home town in Lille, northern France, and waited nearly two hours before stepping inside the busy Apple store.

"I'm not a victim of hype," she insisted. "I know Apple products and it's about the quality, the interface, how it's designed and what it can do. With elegance and style."

Hundreds of people queued outside the



James Lee (L) from Essex in south-east England, is applauded by store staff after becoming the first person to buy the 'iPad' from an Apple store in central London, on Friday. The iPad went on sale in Britain, Canada, France, Germany, Italy, Spain and Switzerland on Friday as part of a staggered global roll-out.

Paris Apple store hours before it opened at 8:00 am (0600 GMT).

In Britain, a few dozen enthusiasts waited outside the Apple store in central London at 3:00 am to get their hands on the iPad when it opened five hours later.

Staff escorted the first group of customers one by one up to buy their iPad after they opened the doors, whooping, chanting and cheering.

"I queued overnight for about 20 hours since midday yesterday but it was very, very worth it," Jake Lee, a 17-year-old student from Essex, told AFP, clutching his treasured

iPad.

The iPad also went on sale in Germany, Italy, Spain and Switzerland and will be followed in July by a launch in Austria, Belgium, Ireland, Luxembourg and the Netherlands.

Alejandro Barras, manager of the Apple store in downtown Madrid, said his iPad stock sold out one hour after opening.

Apple aficionados in Zurich camped out overnight in front of the store to buy the tablet and download some of the 5,000 available apps -- the name for the media applications that run on the device.

In Montreal, an 82-year-old man with a long white beard and a beret stood in line with about 100 people, some of whom arrived at the Apple store at 6:00 am.

"I'm not a fan of gadgets," Jean-Maurice Demers told AFP. "But I'm involved in several political committees and community groups and I'm tired of dragging around several kilograms (pounds) of files."

Prices in Japan and Australia for the basic 16GB iPad are comparable to US prices, although a significant markup by Apple in Britain and continental Europe has triggered grumbling.

In France, wifi models sell for between 499 and 699 euros (620 and 969 dollars) with the 3G models going for between 599 and 799 euros.

The multi-functional device is tipped by some pundits to revitalise media and publishing, with many major newspapers and broadcasters launching applications.

Several French publishers, including world number two Hachette Livre, announced Friday that they had reached a deal with Apple to make their titles available through the company's iBookstore.

Newspaper mogul Rupert Murdoch has said the iPad has the potential to save the newspaper industry, but in France that enthusiasm is not shared by President Nicolas Sarkozy's minister for the digital economy.

Nathalie Kosciusko-Morizet last month dismissed the "marketing frenzy" surrounding the iPad launch and declared that it was "a bit heavy" compared to the Archos tablet, made in France.

As well as the five other European countries, California-based Apple plans to bring the iPad to Hong Kong, Mexico, New Zealand and Singapore in July.