

International Business News



A man takes a photograph of a scale model of Singapore's urban district, exhibited at the World Cities Summit Expo in Singapore yesterday. The World Cities Summit Expo is set to showcase the latest and most innovative solutions for liveable cities of the future, and has attracted around 50 participating companies and agencies. It is expected 3,000 trade visitors will attend from today to Thursday.

British jeweller Theo Fennell eyes lower-priced range

REUTERS, London
 Theo Fennell, the British jeweller favoured by celebrities like Elton John and Naomi Campbell, plans to launch a range of lower-price products, it said on Monday, as it reported a reduced annual loss.

Chief Executive Barbara Snoad told Reuters the new range of silver jewellery, to be launched in October, would be priced at between 70 pounds and 2,000 pounds (\$105-\$2,994) and drive the next stage of the company's turnaround plan.

The firm, which typically sells jewellery priced at 1,000 pounds or more, made a loss before tax and one off items of about 250,000 pounds in the year ended March 31, improving on the 2 million pound loss reported the year before.

Having parted company with the business in February 2008, Theo Fennell's eponymous founder returned in June 2009 in a bid to reverse a steep decline in its fortunes.

In September, he launched the first new collection for two years, and like-for-like sales leapt 23 percent in the second half of the financial year.

Underlying sales have continued at that pace in the first 10 weeks of the new financial year, helped by strong demand for pendants adorned with devils and wings, as well as top-end rings with secret compartments.

German giant Siemens wants its own bank: finance director

AFP, Frankfurt
 German industrial group Siemens has applied for a banking licence, it said on Monday, to ensure it has a safe place to park its pile of cash.

The sprawling conglomerate "aims to expand the product portfolio of its financial services unit, particularly in the sales finance area," it said in a statement.

The group has therefore applied for a banking licence with the Federal Financial Supervisory Authority, which is reviewing the application.

Finance director Joe Kaeser told the Sueddeutsche Zeitung daily that Siemens had learned lessons from the past in making its decision.

"In the current situation, we can be affected if banks have problems, with a legislative environment that is not totally transparent."

"Our liquidity now amounts to around nine billion euros (11 billion dollars), which means we really need to be able to make safe investments" that Siemens "could do by itself" via its own bank.

Siemens could thus place deposits directly with the German central bank, for example, he noted.

Kaeser expected German authorities to give their approval shortly.

Japan's Teijin to supply carbon fibre to Airbus

AFP, Tokyo
 Japanese synthetic textile maker Teijin has signed a deal with European aircraft giant Airbus to supply carbon fibre composite material from 2011, the company said Monday.

Teijin's entry is expected to intensify market competition, with its compatriot rival and industry leader Toray having earlier agreed a 15-year deal with Airbus to make material for wings and fuselages from next year.

Teijin's subsidiary Toho Tenax signed the long-term deal with Airbus parent European Aeronautic Defence and Space Co. (EADS), the company said, declining to confirm the length of the contract.

It will supply the strong, lightweight and fuel economy-boosting material for Airbus's multiple aircraft models, including its next generation medium-sized jet airplane the A350 XWB due to be introduced in 2013.

The company will build a new production line at its factory in Germany and start supplying carbon fibre products for the A350 XWB from March 2011, the company said in a statement.

Total halts petrol sales to Iran

AFP, Paris
 French oil group Total has stopped selling petrol to Iran, the Financial Times newspaper reported on Monday.

The company has stopped sales only days before US President Barack Obama signs a law for sanctions to hit Iran's dependence on imported petrol, the report noted.

In taking the decision, Total was following action by BP, Royal Dutch Shell and all the major global oil traders, it said.

The unilateral action by the United States, approved by US lawmakers last week, will penalise international groups which help Iran obtain refined products, and also targets banks which do business with black-listed Iranian entities.

COLUMN

The cat does catch the mice

SAZZADUL HASAN

In 1979, the first business licence was issued in China to a 19-year-old woman, Zhang Huamei. Zhang is now a multimillionaire businessperson heading the famous Huamei Garment Accessory Company, a global supplier of buttons.

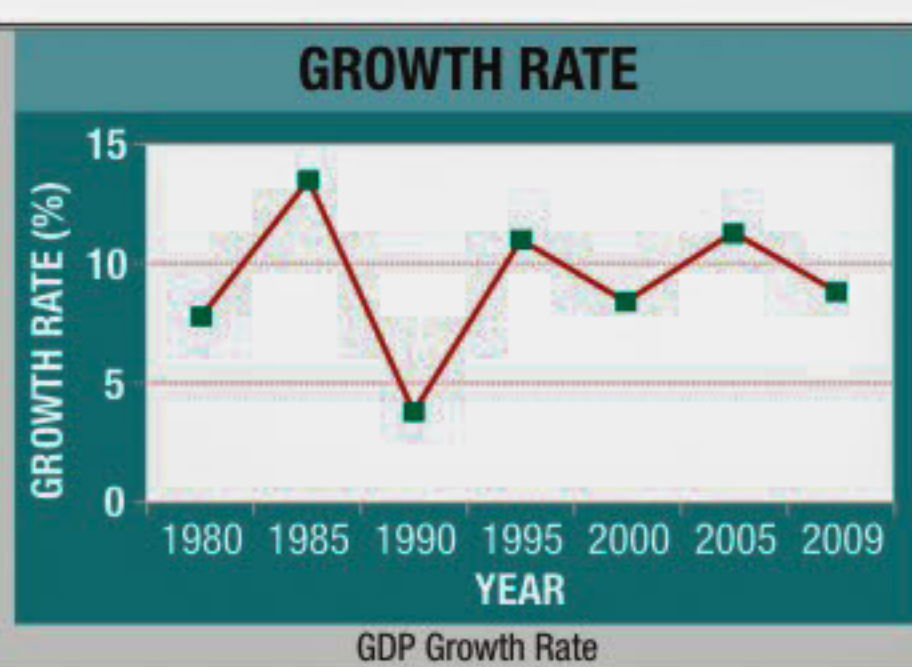
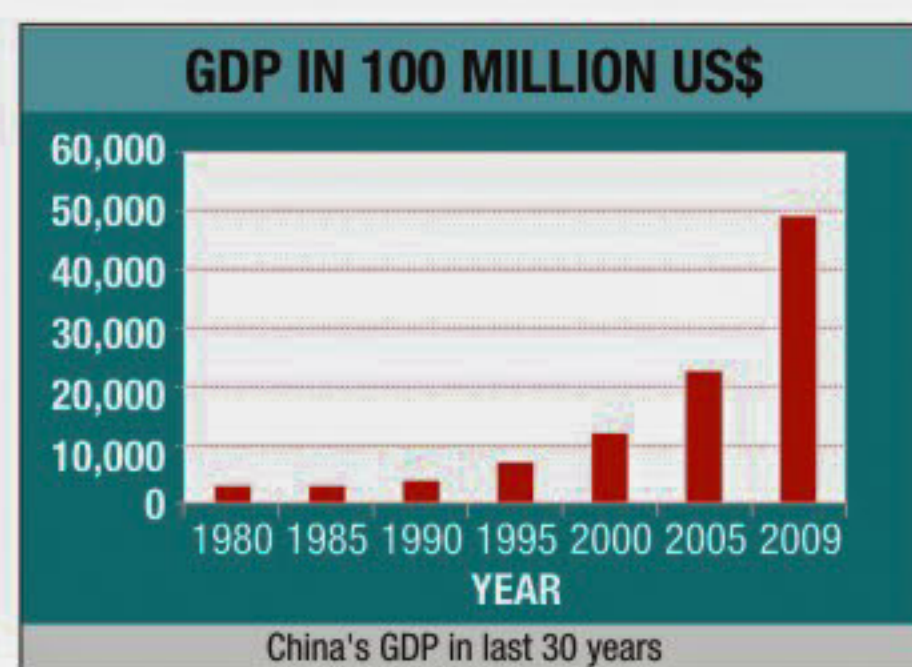
Looking back on her early years as a pioneering entrepreneur, she told the Times of London, "My classmates were ashamed of me for starting my own business. They would turn their heads away when passing my house and pretend not to know me."

On her first sale she said, "The first thing I sold was a toy watch. It was a sunny morning in May 1978. I bought it for 0.15 yuan and sold it for 0.20 yuan. I was very, very excited to make a profit. But I was also very nervous and afraid the local government staff would come to stop it."

Like Zhang, China started a new journey in 1978-79. The journey has been amazing and much to the surprise of even analysts. Today, the economy of China is the third largest after the United States and Japan.

In terms of purchasing power parity (PPP), it is the second largest after the US. China has been the fastest growing economy in the world for the last thirty years, with a phenomenal annual GDP growth rate of 10 percent. According to International Monetary Fund, the country's per capita income rose to \$3,677 in 2009, which was \$190 in 1978. It sounds like a never-ending success story. China is the second largest trading nation in the world and the largest exporter and second largest importer of goods.

Question naturally arises as to what happened in 1978? None other than Deng Xiaoping planted the seed for China's miraculous success. After founding the People's Republic of China in 1949, China, under the leadership of Mao Zedong,



established a centrally planned economy and it continued like that till Mao's death in 1976. Deng gradually emerged as the de-facto leader of China thereafter. In 1978, Deng introduced a series of reforms known as "gaige kaifang", or "reform and opening up." These programmes included, formation of rural enterprises and private businesses, liberalisation of foreign trade and investment, relaxation of state control over some prices, investment in industrial production and the education of its workforce.

Deng was a great believer of an old Chinese saying: "Seeking truth from the facts". He strongly believed that, facts rather than ideological dogmas, whether from east or west, should serve as the ultimate criterion for identifying truth. The then Chinese policy makers under Deng's leadership realised that neither the Soviet socialist model nor the western capitalist concept was the solution to developing their country.

As Deng clearly said, "only development makes sense". A good number of conservative communist leaders used to believe that it is "better to be poor under socialism than rich under capitalism".

The blunt, practical Deng offered instead, "Poverty is not socialism."

"To get rich is glorious", and later added, "Some should be allowed to get rich first." Many Chinese have taken this

maxim to heart and have become very rich.

Deng's greatest achievements were to put China on a path of rapid economic development and to bring it in the mainstream of international life. He sees three secrets to success in China's drive to development that distinguishes it from the failures of the former Soviet Union.

First, China began by reforming agriculture rather than commerce or industry.

Reforms, like long term land leasing, right to hire labour, sell off of surplus crops in the open market, and price bonuses for above-quota grain production, brought significant changes in the country's agriculture output. Even though many farmers used hoes instead of tractors, crop yields jumped dramatically. Wheat production doubled between 1978 and 1985 from 41 million tonnes to 87 million tonnes. By 1987, the output of grains and tubers was three times that of India and almost equal to that of the US and former Soviet Union. Perhaps Deng's most glorious year was 1984, when he reached 80 years of age. China's food supply hit 400 million tonnes of grain, making the nation self-sufficient in food. This made food and raw materials for the light industry plentiful and thereby, created conditions conducive to change in the cities.

A Chinese think tank under Deng's leadership did realise that, no reform would sustain if poverty couldn't be eradicated.

ANALYSIS

G20 put to test by uneven recovery

REUTERS, Toronto

Recession made the G20 the main forum for managing the world economy last year. Now, the recovery is putting to the test the new sense of common cause that united rich and developing countries.

Meeting in Canada, leaders from the Group of 20 struggled to maintain the solidarity they showed during the worst of the downturn last year, when they pumped trillions of dollars into the economy to prevent an even deeper slump.

"When the house was on fire, we all knew what to do: get a hose," said Angel Gurría, head of the Organisation for Economic Co-operation and Development, told G20 leaders at the summit.

"Today, the incipient recovery offers policy choices and policy options. While it is good to have choices, it becomes more difficult to find common ground."

That summed up the challenge the G20 faces as the economy in Asia is roaring ahead but is weaker in the United States and feeble in Europe.

Additionally, the industrialised world is deep in debt and looking for a way out, unlike China and some if not all of the other emerging market economies around the G20 table.

The summit in Toronto exposed issues that are harder to resolve when a lot of countries united under the G20 banner are emerging from the downturn at different speeds and with different priorities.

G20 countries initially wanted to formally welcome China's new commitment to move towards a more flexible exchange rate. Many of them hope that will lead to a rise in the value of the yuan and fairer competition in world trade as a result.

At China's request, the G20 removed a line on the matter from the statement issued at the summit.

While Beijing said ahead of the summit that debate about the yuan had no place in international forums, the tractations over a line of praise showed just how difficult it remains for the G20 to address a matter considered key if world leaders are to tackle global economic balances in the longer term.

On free trade, the G20 if anything backpedalled on pledges to press for a multilateral commitment to liberalisation under the long-stalled Doha round negotiations.

Last year, the G20 leaders committed in their Pittsburgh communique to pressing for a successful conclusion to the Doha round negotiations by the end of 2010. This time they dropped the date and set no new one.

That, according to European



Leaders from around the world pose for the G20 Summit "family photograph" Sunday in Toronto, Ontario, Canada.

Commission President Jose Manuel Barroso, injected a dose of realism into the communique, given that the divisions over the trade round has prevented a deal for the best part of a decade. But tensions between the United States and China have bobbed back to the surface too.

The US and Chinese ambassadors have traded blame this week at the World Trade Organisation over the Doha stalemate.

US President Barack Obama told G20 leaders over lunch on Sunday that the Doha proposals as they stood now were not good enough and would need to be changed significantly, officials told Reuters.

The G20 leaders committed to a halving public deficits over the next three years as the priority shifts from pump-priming a recession-engulfed economy to slashing the debt the industrialised world is saddled with on the way out.

There too, the different angle G20 countries come from is clear.

Washington and Europe sniped ahead of the summit because of European austerity measures that might stifle the already weak recovery in Europe. But some emerging market countries in the G20 were more blunt with their misgivings.

Europe was "absolutely wrong," Argentine President Cristina Fernandez

told Reuters in an interview in Toronto.

"If European countries proceed with their fiscal austerity plans, the global economic turnaround may slow down," said South Korean President Lee Myung-bak, another G20 member.

From a European perspective, the need to show good on fiscal consolidation is urgent after Greece had to seek financial help and euro zone governments were forced to come up with an emergency funding plan for other countries recently.

The debt of the advanced economies of the G20 is roughly three times as large as that of the emerging market members of the grouping, according to International Monetary Fund data.

"Lack of international coordination is disappointing, but not as much as a threat (from debt) at this juncture, Marco Annunziata, chief economist at UniCredit banks said.

The problem, analysts say, is that the G20 may be unwieldy, but the G8, the forum it is supplanting, is no longer considered representative of a global economy where the balance of power is shifting rapidly to the likes of China or Brazil.

"Part of the problem that exists today among multilateral institutions is that they tend to reflect a post-World War Two distribution of international power. And they

The age-old Chinese governance concept, "primacy of people's livelihood", had great influence on the then leadership who rightfully realised that poverty eradication was the most fundamental human right. The best way to do so was to improve the livelihood of millions of farmers and their families. This idea has paved way for China's enormous success in lifting nearly 400 million individuals out of abject poverty within one generation, an unprecedented success in human history.

Second, China avoided hyperinflation and a rapid decline in living standards by removing price controls gradually, so that the consumer was not turned into an enemy of reform.

Third, economic reforms preceded political reform, which improves the chances that a more open political order will survive once it does come about.

Deng had great political skill and patience to get his reforms past hard liners in the Chinese Politburo. There was always the belief that the Deng reforms would be reversed at any moment. Deng himself insisted the reforms kept the communist party from being "toppled". No wonder a lot of people termed "reform and opening" policy the greatest poverty-reducing programme in history. It not only launched a period of economic prosperity in China, it lifted millions out of poverty.

All his life, Deng focused on the results and it was reflected repeatedly in his works and remarks. Probably, one such great comment made by this great leader was, "Whether a cat is black or white makes no difference. As long as it catches mice, it is a good cat."

The cat nurtured by this legendary leader has been very successful so far in catching mice.

The writer is the marketing director of Syngenta Bangladesh Ltd.