

International Business News

Japan's Renesas to buy Nokia wireless modem operations

AFP, Tokyo

Japan's Renesas Electronics Corp said Tuesday it had reached an agreement to buy the wireless modem operations of mobile phone maker Nokia Corp. in a 200 million dollar deal.

The 18 billion yen transaction will entail the transfer to the Japanese company of the Nokia division's 1,100 workers in Finland, India and other countries, as well as wireless technology used in mobile phone handsets.

The wireless modem business to be transferred includes Nokia's modem technologies for wireless broadband standards LTE, HSPA and GSM, which have been used for billions of handsets worldwide for years.

Renesas, the world's third-largest semiconductor manufacturer by sales, also said it had agreed with Nokia on joint research and development into next-generation modem technology.

"Our collaboration with Nokia will enable consumers to enjoy true mobile cloud computing experiences through our advanced high-speed mobile devices," said Yasushi Akao, president of Renesas, in a statement.

The transfer, due to take place during the October-December period, is subject to regulatory approvals and other customary closing conditions, the companies said.

S Korea launches loan scheme for N Korean refugees

AFP, Seoul

South Korea will launch a microfinance scheme on Tuesday to provide North Korean refugees with low-interest business loans, officials said.

The Unification Ministry, which is in charge of cross-border relations, said the programme would help North Korean refugees better adapt to the South's capitalist society.

The ministry, which is launching the initiative in conjunction with automaker Hyundai Motor, will select applicants in August, a spokesman said.

"We hope our programme will provide a meaningful first step to North Korean defectors," Unification Minister Hyun In-Taek told reporters.

The programme allows North Korean refugees to receive loans from Hyundai Motor's Smile Microcredit Bank.

Microfinance, which aims to provide finance to people with low credit rating and little access to banks, gained global attention after the success of 2006 Nobel Peace Prize winner Muhammad Yunus' Grameen Bank in Bangladesh.



Actresses prepare to perform at a hair and beauty fair in Beijing on Monday. China said its red-hot economy had expanded by 9.1 percent in 2009 in an upward revision that narrows the gap even further with the world's number two economy Japan.

Thailand appoints new central bank boss

AFP, Bangkok

Thailand appointed a new governor of its central bank on Tuesday to steer the country's economy as it emerges from the global financial crisis and the worst domestic political unrest in decades.

Prasarn Trairatvorakul, president of Bangkok's third-largest commercial bank Kasikornbank, was approved by the cabinet to take the helm of the Bank of Thailand (BOT) when the current governor retires at the end of September.

"I expect him to preserve the independence of the BOT and to execute the Bank's mission -- that is, to maintain stability and to counter political influence on monetary policy," Prime Minister Abhisit Vejjajiva told reporters.

Harvard-educated Prasarn, 57, was the favourite of four candidates to head the Bank, which has left its key interest rate unchanged at a record low of 1.25 percent since April 2009, citing economic and political risks.

China to pump 100 billion dollars into western regions

AFP, Beijing

China has said it will invest more than 100 billion dollars this year in 23 new infrastructure projects in impoverished western regions as part of efforts to boost domestic demand.

The plan was announced Monday after Premier Wen Jiabao said the Chinese economy was facing an "extremely complicated" situation and two purchasing manager surveys showed manufacturing activity had slowed in June.

The 682.2 billion yuan will be used to build railways, roads, airports, coal mines, nuclear power stations and power grids, the National Development and Reform Commission said on its website.

Construction will start this year to "actively expand domestic demand and promote the fast and healthy development of the western areas," the top economic planning agency said.

SOCIAL BUSINESS

Healthcare, with a difference

BASF Grameen takes chemically-treated mosquito nets to the rural poor

SOHEL PARVEZ

Saria Sadique, chairman of BASF Bangladesh Ltd, spends more time and energy just to explain the concept of social business. His organisation has made a foray into this spectrum with Grameen Healthcare Trust and set up the entity BASF Grameen Ltd (BGL).

The main purpose of the venture that was launched in March 2009 is to improve the health and business opportunities of the poor in Bangladesh.

"It's not about donations or charity projects, but about economically viable enterprises that aim to continuously improve the living conditions of the economically disadvantaged people," said Sadique, also the chief executive of BGL.

Explaining the difference between a conventional and a social business, he says, "One emphasises own profits, while the other generates profit to better the community. Profits (in social business) are not taken back by the investors, but are reinvested to benefit a wider population."

The company began its journey with an initial capital of 200,000 euros (\$251,058) that was injected by the partners, with BASF accounting for the majority of the contribution. They introduced the first product that was a chemically impregnated mosquito net, to help people combat insect-borne diseases, like malaria.

"The reason is obvious, Bangladesh had an estimated 2.9 million cases of malaria in 2006 and 72 percent of the population is at risk of the disease," says Sadique, citing the World Malaria Report 2008 by World Health Organisation.

As a remedy, BGL came up with the long lasting impregnated net (LLIN), branded as the 'Intercep-

tor'. It aimed to market it across Bangladesh, especially in the remote areas.

"It is not a simple mosquito net. It is chemically impregnated when the fabric of the net is produced," he says.

The mosquito net contains Fendozin, a textile-finishing chemical that binds insecticide Fendona in a special coating to the fibres of the net.

The insecticide, Fendona, diffuses in a controlled manner to the surface of the coating with a triple effect, which repels, knocks down and kills mosquito when they come into contact with the net.

BGL insists that the net has no harmful effects on the human body and provides an odourless and invisible protection against mosquitoes.

Another feature of the net, Sadique says, is it gives protection even after 20 washes.

Since the time the product was first launched, BGL sold about 40,000 units in the local market by importing it from Vietnam and China.

Shafkat Mustafa, manager of sales and marketing for BGL, says they got a "fantastic" response from the market. "There is no question on quality and efficacy."

But high import duties, VAT and taxes (an additional 94 percent on top of the cost-insurance-freight value) have made the nets less competitive against the locally made mosquito nets.

Now, an Interceptor is sold at Tk 520 due to the high duties and taxes, but Sadique says the price will drop as BGL has started setting up a manufacturing plant to make it locally.

The factory, which is being established at the Grameen Social Business Industrial Park in Gazipur, is expected to start pro-



Saria Sadique

duction by the second half of 2011 to make 600,000 nets a year.

The social business entity looks to tap the domestic market at a time when 23 lakh pieces of mosquito nets are consumed a year. The company expects to capture 5 percent of the market within 4 years.

To ensure an increased availability of the net, BGL hired distributors and also involved NGOs. It uses Grameen's network to cater to the remote locations and raise awareness. The nets will also be available at the BGL appointed

distributors at grocery stores, clothing and bedding shops and superstores in the urban areas.

The company is also thinking about using agricultural products distribution channels, by involving the poor women in villages, by giving them microfinance.

To popularise the nets, the company wants to take advantage of an interim recommendation from the Pesticide Evaluation Scheme.

"The UN and other international agencies are using our interceptors to combat malaria in

Africa," says Sadique.

BGL expects sales to grow at 20 percent a year till 2014 and then it will slow down to 10 percent.

According to insiders, it aims to payback investors' investment in 4.5 years and begin repatriation of share capital from 2013.

The company is yet to make the nets widely available in the local market because of a limited supply from the plants in China and Vietnam, which are booked with orders from other buyers, according to BGL chief executive.

It expects the next consignment to arrive in August.

Sadique believes the mosquito net will be readily adopted because of a growing consciousness among people on the harmful effects of mosquito coils and aerosol sprays on health and the environment.

In the months to beginning production locally, consumers will have pay high prices because of the taxes. "We approached and tried to convince the NBR to waive the additional duty for the sake of social business and to extend the product to the poor. But all our attempts were turned down."

The main problem in a failure to convince the officials of government agencies, like the National Board of Revenue, is a lack of understanding of the concept of social business.

"It is another challenge," says Sadique.

But he believes that the fight to establishing and running such a business will ease in the future, with more entities like this emerging.

"As many international universities are now offering social business as a subject, it will help ease the set up social business venture in future."

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SPECIAL REPORT

A shift in China's labour force

REUTERS, Zhongshan/Longhua, China

The work can lead to repetitive stress injuries and sometimes can be dangerous, especially when chemicals and high heat furnaces are used to treat parts. The loud, clanking sounds of machines are also stress-inducing, say other striking workers at Honda Lock, who have called for noise reduction measures as part of their demands.

Conditions in Chinese factories vary greatly, with small and medium sized plants often far worse than those run by larger multinational corporations held to higher standards of corporate social responsibility.

At Foxconn, one of China's largest manufacturers with hundreds of thousands of workers in a network of industrial complexes sprawling across the nation, a recent spate of headline-grabbing suicides threw a harsh spotlight on the bleak, low-paid existence faced by many Chinese factory workers.

Labour rights groups detail military-like management practices intended to maximise productivity, but which have exacerbated emotional pressures on some workers. While the typical workday is eight hours, according to stipulations in China's labour contract law, many workers often try to bolster meagre base salaries by putting in up to four hours of overtime a day.

Workers are barred from talking to one another while on the production line and stand for long hours carrying out the same tasks. Toilet breaks are also restricted to once every two hours, Foxconn workers who were interviewed said.

"They are here to make money, of course they have to work hard," said Zhu Fuquan, a department manager at Foxconn's production facility in Longhua. "If they want a good life here, they will have to work hard for it. It's natural."

Several days before speaking to Reuters, Wei had joined hundreds of co-workers in laying down their

tools at the factory early one morning, only to find the tree-lined road outside the plant blocked by a wall of around 50 riot police, dressed in black and wearing helmets. Police vans were parked along the streets and plain clothes officers were filming and photographing proceedings.

The workers -- some in white factory uniforms; others dressed in jeans, dresses, high heels and T-shirts -- were in a defiant mood -- pressing up against the rows of police.

Many retaliated, not with violence, but by snapping images of the stony-faced officers on pocket cameras and mobile phones to post on the Internet. Others ripped up factory notices of a meagre pay rise and scattered them over the ground.

"More money. More money," they chanted, while calling on the management to allow independent unions to be formed.

A small group of factory line managers tried desperately to mediate. One in white overalls and a blue "Honda Lock" cap stepped forward and shouted into a loud-hailer, demanding the massed workers return to duty or face "severe consequences".

But the workers jeered and heckled him before he was forced to beat a hasty retreat.

After more than an hour, management relented. The riot police parted their wall and the workers streamed off.

"We are not as cowardly and afraid of trouble (as the older workers)," said one of Wei's co-workers after the protest. The worker, a cheerful 20-year-old factory girl wearing a pink dress, gently mocked an older colleague in his 30s who was among a group of around 10 others gathered in her room.

"We don't think so much about things," she laughed. "The risk is worth taking. Now that we've started, we must finish it."

To be sure, workers of the previous generation weren't necessarily more satisfied with their work-



An employee works at a factory of Baosteel Group Corp, China's biggest steel maker in Shanghai yesterday.

ing conditions. But, say labour experts, they rarely saw themselves remaining in urban areas and were less likely to directly challenge management.

"The rights mentality of younger workers is much stronger than past generations," said Wen Xiaoyi, a researcher at the China Institute of Industrial Relations in Beijing. "The older workers tell you they feel a sense of loyalty to the company, but they also say that younger workers have a completely different attitude and higher expectations."

That change of attitude comes across in interviews with young workers in southern China, who often speak of an unwillingness to return to the countryside.

"My parents always tell me to be loyal and work hard for my company," said Zhang Hui, a 21-year old native of eastern Anhui province who works as a quality control supervisor at a factory making alarm clocks in

Dongguan. "They really don't understand what it's like out here. With their kind of thinking, I'll never get anywhere and will spend the rest of my life doing useless work in a factory," said Zhang, whose quiet demeanour, spectacles and wiry frame seemed to make him more at home in a library.

In the two years he has spent in Dongguan, Zhang has already worked in three different jobs, beginning with a position as a security guard that paid 1,100 yuan (\$162) a month before overtime, to his current position that pays him over 2,000 yuan a month.

Several factors appear to be shaping the work attitudes of the current generation of migrant workers. One is economic. For over two decades, the world's top brands from Apple to Nike have paid suppliers in China to help them churn out the latest gadgets and sneakers.

But rapidly rising living costs

combined with higher expectations for material goods have begun to eat into much of their salaries. China's consumer price index accelerated to a 19-month high in May, driven by surging food prices and torrid growth in the country's red-hot property sector.

Spiking prices at coastal cities such as Dongguan and Shenzhen, which attracts the biggest number of immigrants, also means that few can achieve the middle-class lifestyle that attracted them to the city in the first place.

When Zhang first arrived in Dongguan in 2008, he paid less than 300 yuan (\$44) a month for a bunk bed and a cupboard that he shared with five other roommates. While he has since upgraded to an apartment with a common sitting room that he shares with two friends, that same bunk bed will now go for at least 450 yuan a month, he said.

TO BE CONTINUED