

International Business News



Reliance Industries Limited's Textile Division President Anand Parekh (R) and Reliance Industries Limited's Manufacturing Textile Division Senior Vice-President Satyapal Gomber pose with 'DE02', an anti-microbial deo-treatment that arrests the growth of fungi and bacteria on fabrics, at a press conference in Ahmedabad yesterday.

Nokia Siemens Networks eyes Motorola telecom

Nokia Siemens Networks (NSN) is in talks to buy the telecom equipment business of US group Motorola for more than 1.0 billion dollars, the Wall Street Journal reported on Wednesday.

A spokesman for German-Finnish NSN, Ben Roome, told AFP: "We don't comment on rumours or speculations."

A spokesman for Motorola questioned by the newspaper also declined to comment.

The report, citing people close to the matter, said that the value of a deal could be 1.1-1.3 billion dollars (864 million to 1.02 billion euros).

Motorola said on July 1 that it intended to split its business in the first quarter of next year, separating products for consumers from its businesses making equipment.

NSN is one of several companies fighting to be ranked number two in the world, behind Swedish group Ericsson, in the business of providing network equipment for mobile telephone system operators.

NSN is a joint venture between Nokia, the world leader in making mobile phone handsets, and the German industrial group Siemens.

Yamaha unveils zero-emission electric motor scooter

Japan's Yamaha Motor unveiled on Wednesday a zero-emission electric motor scooter for city use that it said could travel five times farther than a gasoline model for the same cost.

The EC-03 can travel 43 kilometres (26.6 miles) on a single six-hour charge from a household power outlet, which costs about 18 yen (cents) in Japan, far less than the cost of powering a conventional 50cc scooter, it said.

Yamaha will launch the e-moped on September 1 in Tokyo, and a month later across Japan, at an expected retail price of 252,000 yen (2,800 dollars).

It will start exports to Taiwan and Europe in 2011, and forecasts total demand to reach 300,000 to 500,000 units by the mid-2010s as it expands into other markets, such as China.

"China is the largest market for electric bicycles, with estimated annual demand exceeding 20 million units," Yamaha said in a statement.

"A still more enormous market for electric motorcycles is expected to develop in China."

China AgBank set for massive stock debut

Agricultural Bank of China debuts on the Shanghai stock market Thursday, completing a great leap from peasant policy bank to capitalist darling in what is expected to be a world record IPO.

AgBank's performance in Shanghai and in Hong Kong - where trading starts Friday - will signal whether it is maximising the number of additional shares it can offer and has raised a record 22.1 billion US dollars.

The listing of the last of China's "Big Four" state banks will also test the resilience of the Chinese stock market in a volatile global economic climate.

Shares ended 0.82 percent higher in Shanghai on Wednesday, narrowing earlier gains as caution prevailed ahead of AgBank's mega-debut.

"It may be a turning point for the banking sector if AgBank's debut is solid," said Shen Jun, a strategist for BOC International, Bank of China's investment unit.

"It may drive up the whole banking sector and the broader market may move with it."

Thailand hikes interest rates for first time since 2008

Thailand's central bank raised its key interest rate Wednesday for the first time in almost two years, saying the economy had remained resilient in the face of deadly political unrest.

It was the latest vote of confidence in the economic outlook by monetary policymakers in Asia, coming on the heels of similar moves in Taiwan, India, Malaysia and South Korea.

"The economy should continue to grow," the Bank of Thailand said in a statement explaining its decision to lift its benchmark lending rate by 25 basis points to 1.5 percent.

"The impact of the domestic political situation on the Thai economy in the second quarter proved to be limited," it said, following the end in May of two months of mass opposition protests.

"The tourism industry has shown signs of a quick recovery while consumption and production were little affected."

INTERVIEW

HSBC looks to tech banking

Top HR official speaks on the bank's expansion

SAJJADUR RAHMAN

The Hongkong and Shanghai Banking Corporation (HSBC) plans to launch in Bangladesh internet and Islamic banking on a large scale to capture more business from what it considers an emerging market.

A top official of the UK-based bank says the expansion move will create employment for around 300 Bangladeshis, mostly in customer-facing and sales departments.

The bank is also reviewing its human resources policy as it considers its business banks much on effective human resources management, says William M Gibbon, head of human resources of the bank's Asia-Pacific region.

"We're working on installing technology and systems to launch internet- and Shariah-based banking in Bangladesh," he says.

Gibbon sat with The Daily Star yesterday at the bank's Bangladesh headquarters in Dhaka.

The bank is spending much on technology and installation of systems, he says.

Gibbon flew in Dhaka on Tuesday on a two-day visit to see the bank's Bangladesh operations, staff productivity, career development and organisational culture.

HSBC has 338,000 employees in 80 countries. The bank has more than 900 staff members in Bangladesh and dealt with the country's 9 percent business of exports and imports worth nearly \$38 billion last year.

Countrywide the bank has only nine branches and offshore banking at all the eight export processing zones.

HSBC considers Bangladesh as one of the emerging markets like Indonesia and Vietnam and so, it has emphasised on more investment in technology and other systems here to meet the rising demand of the customers.

Gibbon says the move of introducing internet banking will reorganise the business to provide higher-quality customer services more efficiently. Currently, the bank has no internet banking in

Bangladesh.

He says the bank will also relaunch its Shariah-based banking on a large scale to net customers from the Muslim dominated country of nearly 160 million people. Now HSBC's Islamic banking is limited to current account only.

A lot of Shariah-based products -- for depositors to corporate clients -- will be offered by the end of this year, says Gibbon.

Shariah-based bank accounts will be kept separate from conventional funds and will not be used to generate interest.

Prior to delivering the services, the official says, they have to invest in installation of technology and systems, right products and people.

As part of its new HR policy, the bank has introduced flexible and family-friendly working plans to help both male and female employees manage their work together in a congenial environment, says Gibbon.

The HR head for Asia-Pacific said the bank has adopted policy to promote female employees to top positions.

"We want to see more female staffs at senior level in next years."

The HSBC considers Bangladesh one of its major fronts of outsourcing efficient employees. Currently, 41 Bangladeshis are posted in the bank's different offices across the globe, including in the US, Australia, Europe, Africa and Asia.

"Another 16 are in the pipeline to be posted abroad this year," said Aditya Narayan Singh Deo, head of human resources of HSBC Bangladesh.

Some of them are recruited for longer period and some are on a permanent basis, he said.

Gibbon says English is the HSBC's official language, but knowledge on other languages could be considered an additional quality for a posting in a foreign country.

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William M Gibbon, head of human resources (Asia-Pacific) of HSBC, says the bank has adopted policy to promote female employees to top positions.

JC Penney digs into digital for back-to-school



A pedestrian walks with a shopping bag from a JC Penney department store in New York.

REUTERS, New York

JC Penney Co Inc is ramping up its use of unconventional digital marketing tools to win sales during the crucial upcoming back-to-school season in the US.

The department store operator is turning to new tactics such as "haul" video blogs, where everyday people report on their shopping trips online and review products, and ads on Apple Inc's iAd mobile ad service.

The goal is to reach teenagers during the second-most important season for retailers after the holidays.

"Of the entire year, it's when we talk the most to teens, and teens consume very different media than their parents," Penney Chief Marketing Officer Mike Boylson told Reuters ahead of the launch on Wednesday of its back-to-school campaign.

Penney was slower than rivals such as Kohl's Corp and Macy's Inc to see improvement in sales earlier this year but has regained some momentum. Sales at stores open at least a year were up 4.5 percent in June.

June data last week said that discounting had picked up late in the month, raising fears that retailers could be headed for another round of profit-eating price cuts.

But Boylson said Penney was comfortable with its inventory levels ahead of the back-to-school period. "You're always tweaking the balance of your inventory, but in total we feel pretty good about where we're at right now."

Compared with Kohl's, Penney was much more exposed to the fortunes of mall traffic during the worst of the retail slump last year. But Boylson said that gives Penney a better chance to win market share.

"Back-to-school draws people to malls," Boylson said. "For us, being a mall-based retailer, back-to-school is even more critical."

Penney is one of the first major retailers to turn to "hauls," where shoppers crow about their recent purchases in homemade videos on websites such as Google Inc's YouTube.

Boylson himself conceded he was only vaguely familiar with "hauls" until recently, but said retailers had to move quickly and in concert with new

technologies.

Penney gave six young female shoppers \$1,000 in gift certificates and covered their travel to Dallas to shop at one of its stores and post their findings online, but did not pay them any other remuneration and said it would not edit the haulers' content.

"Haulers are the next generation of bloggers," Boylson said. "The content they generate is better and more genuine than anything you could do in the marketing department." One of the haulers is Audrey Kitchings, 23, of Los Angeles, whose Web page Boylson said has had millions of hits.

Penney will also debut a back-to-school campaign on Apple's iAd platform, which was launched in April.

Boylson said Penney was first in contact with Apple only a few weeks ago and will debut ads on Apple's iPod Touch and iPhones for back-to-school in August, and on its iPad tablet computer later this year.

Penney's campaign, dubbed "New look, New year. Who knew!" was created by Saatchi & Saatchi New York and Razorfish, both part of French advertising firm Publicis Groupe.

India may finally bite the bullet of reform

AFP, New Delhi

India's government, after showing its mettle with an unpopular repeal of fuel subsidies, might be set to bite the bullet on more reforms after years of dragging its feet, analysts say.

Last month the government of Prime Minister Manmohan Singh, known as India's "economic liberator" for initiating a first wave of reforms in 1991 when he was finance minister, announced the boldest policy move yet of its second term.

The left-leaning Congress-led government said it would free up petrol prices and reduce its crushing 16-billion-dollar fuel subsidy bill to trim the public deficit -- ignoring opposition protests that the step would hurt the poor.

"It's an important sign by the government that it wishes to push through tough economic reforms -- many investors had become disillusioned," said Deepak Lalwani, India director of London-based investment house Astaire Securities.

"The government bit the bullet," he said. Deregulation of petrol prices, the biggest reform since Singh was reinstated as premier after the May 2009 general election, showed the government's desire to put its financial house in order, analysts said.

It was "a bold policy move, signalling the government's willingness to initiate expenditure reforms towards fiscal consolidation," said Shubhada Rao, chief economist at India's Yes Bank.

The government says it must curb subsidies to meet its target of reducing the fiscal deficit to 5.5 percent of gross domestic product in the current financial year from a record 16-year high last year.

Giving a further fillip to its reform agenda, the government last week kicked off public debate on opening India's 500-billion-dollar retail sector to foreign investors -- a move opposed by millions of small family-run stores.

In a discussion paper, the government said permitting foreign direct investment in retail could be an "efficient" means of addressing massive supply bottlenecks in the sector, easing double-digit inflation.

Foreign multibrand retail giants such as Wal-Mart, Britain's Tesco and French supermarket Carrefour have been pushing for a government green light that would fully open up the vast sector to foreign players.

Currently, only single-brand retailers are allowed to open shops, such as sports retailers Reebok or Adidas.

The entry of foreign multibrand retailers and growth in domestic supermarkets are controversial because of worries they will drive family-run corner shops out of business.

The ministry has sought comment from industry players and the public by July 31.

"The tone of the (government) paper is a positive signal -- it's reflecting on the positive benefits of opening retail," Arvind Singhal, chairman of retail consultancy firm Technopak, said.

"It makes me optimistic" that the government will go ahead, he said. "Also the tight deadline they have given makes me think they are serious."

Analysts suggest the government could seek to open up the retail sector as an important liberalisation move ahead of a visit to India by US President Barack Obama in November.