

International Business News

BlackBerry maker to launch tablet in November

REUTERS, Toronto  
 Research In Motion will introduce a tablet computer in November to compete with Apple Inc's iPad, Bloomberg News reported on Friday, citing two people familiar with the company's plans.  
 The Waterloo, Ontario-based maker of the BlackBerry smartphone will call the device the Blackpad, according to one of the sources.  
 The Blackpad is expected to have about the same dimensions as the iPad and cost about as much as the \$499-plus Apple tablet, the report said.  
 Apple has sold more than 3 million iPads since the product's debut in April.  
 RIM is widely expected to unveil a revamped version of the BlackBerry on Tuesday, aiming to compete more effectively against Apple's iPhone and other advanced smartphones.

Disney to sell Miramax for more than \$660m

REUTERS, Los Angeles/New York  
 Walt Disney Co has struck a deal to sell Miramax, the studio behind such films as "Trainspotting" and "No Country for Old Men," for more than \$660 million to a group that includes construction magnate Ron Tutor and investment firm Colony Capital LLC.  
 The deal marks the culmination of a drawn-out sale that attracted star-studded bidders, including the Weinstein brothers, who founded the studio.  
 The new owners will focus on maximizing the value of Miramax's library, a source familiar with the situation said. No production operations exist at this time and there are no current production plans, the source said.  
 The sale underscores Disney's plans to focus its film resources on bigger film properties such as "Pirates of the Caribbean" and exploit them across various platforms.  
 The sale to the group Filmyard Holdings, which comprises Tutor, Colony Capital and other partners, includes rights in more than 700 Miramax movie titles, including Academy Award winners such as "Chicago" and "Shakespeare in Love," Disney said.  
 Colony Chairman and CEO Thomas J. Barrack Jr, who founded the private equity firm, is also personally investing alongside Tutor and Colony, the source said.  
 Tutor and Colony declined comment on details of the deal or future plans.  
 The purchase price is about four times Miramax's cashflow, and about half the purchase price is covered by receivables, the source said.  
 Disney bought Miramax 17 years ago for \$80 million.



AFP  
 London Mayor Boris Johnson poses for photographs during the launch of the London Cycle Hire bicycle scheme in central London Friday. London launched a major cycle hire scheme Friday, which aims to make transport in the city greener ahead of the 2012 Olympics, following in the tracks of cities like Paris and Shanghai.

Singapore Airlines to fly with electronic magazines

AFP, Singapore  
 Singapore Airlines said Friday it is to introduce an electronic version of its inflight magazines as part of its plans for paperless planes.  
 The carrier said it had engaged SmarttPapers Aviation Ltd to convert three magazines -- SilverKris, KrisShop and KrisWorld -- into digital format and integrate them into the inflight entertainment system.  
 Two Boeing 777-300ER aircraft will begin to offer the new feature from Saturday. The digital magazines will then be rolled out across the fleet.  
 SIA said it aims to extend the initiative at a later date to cover other publications, including menu cards and the more than 100 international and local magazines carried in the cabin.  
 This is "in line with efforts to reduce the amount of paper carried on board, thus reducing weight and saving fuel", the carrier said in a statement.  
 "The plan is also to introduce e-newspapers and e-books on board using the same technology," SIA added.  
 "E-books and e-magazines have gained popularity and we want to offer these to our customers."

BP may sell German gas stations for \$2.6b

REUTERS, Vienna  
 BP Plc is seeking to sell its German petrol station chain Aral for around 2 billion euros (\$2.6 billion), German magazine Wirtschaftswoche reported on Saturday, citing investment bankers familiar with BP's plans.  
 Wirtschaftswoche said France's Total, Russia's Rosneft and Avia, an independent chain of filling stations, were among the possible buyers. Rosneft would also be interested in BP's two German refineries, it said.  
 Aral is the market leader in Germany where around 2,400 filling stations operate under its brand, it says on its website. BP bought the chain in 2002 as part of a larger deal with German energy group E.ON.  
 BP was not immediately available for comment.

WORLD ECONOMY

China overtakes Japan

REUTERS, Beijing  
 China has overtaken Japan to become the world's second-largest economy, the fruit of three decades of rapid growth that has lifted hundreds of millions of people out of poverty.  
 Depending on how fast its exchange rate rises, China is on course to overtake the United States and vault into the No.1 spot sometime around 2025, according to projections by the World Bank, Goldman Sachs and others.  
 China came close to surpassing Japan in 2009 and the disclosure by a senior official that it had now done so comes as no surprise. Indeed, Yi Gang, China's chief currency regulator, mentioned the milestone in passing in remarks published on Friday.  
 "China, in fact, is now already the world's second-largest economy," he said in an interview with China Reform magazine posted on the website (www.safe.gov.cn) of his agency, the State Administration of Foreign Exchange.  
 Cruising past Japan might give China bragging rights, but its per-capita income of about \$3,800 a year is a fraction of Japan's or America's.  
 "China is still a developing country, and we should be wise enough to know ourselves," Yi said, when asked whether the time was ripe for the yuan to become an international currency.  
**CAN IT BE SUSTAINED?**  
 China's economy expanded 11.1 percent in the first half of 2010, from a year earlier, and is likely to log growth of more than 9 percent for the whole year, according to Yi.  
 China has averaged more than 9.5 percent growth annually since it embarked on market reforms in 1978. But that pace was bound to slow over time as a matter of arithmetic, Yi said.  
 If China could chalk up growth this decade of 7-8 percent annually, that would still be a strong performance. The issue was whether the pace could be sustained, Yi said, not least because of the environmental constraints China faces.



AFP  
 A Chinese boy looks at a group of toy models displayed at a toy fair in Beijing on Thursday. China has moved ahead of Japan to become the world's second-largest economy, a senior central bank official said in an interview published on Friday.

In an assessment disputed by Beijing, the International Energy Agency said last week that China had surpassed the United States as the world's largest energy user.  
 If China can keep up a clip of 5-6 percent a year in the 2020s, it will have maintained rapid growth for 50 years, which Yi said would be unprecedented in human history.  
 The uninterrupted economic ascent, which saw China overtake Britain and France in 2005 and then Germany in 2007, is gradually translating into clout on the world stage.  
 China is a leading member of the Group of 20 rich and emerging nations, which since the 2008 financial crisis has become the world's premier economic policy-setting forum.

In one important respect, however, China is still a shrinking violet: anxious to shield itself from the rough-and-tumble of global markets, it does not permit its currency to be freely exchanged except for purposes of trade and foreign direct investment.  
 And Yi said Beijing had no timetable to make the yuan fully convertible.  
 "China is very big and its development is unbalanced, which makes this problem much more complicated. It's difficult to reach a consensus on it," he said.  
 In the same vein, China was in no rush to turn the yuan into a global currency.  
 "We must be modest and we still have to keep a low profile. If other people choose the yuan as a

reserve currency, we won't stop that as it is the demand of the market. However, we will not push hard to promote it," he added.  
**NO BIG RISE IN YUAN**  
 China has been encouraging the use of the yuan beyond its borders, allowing more trade to be settled in renminbi and taking a series of measures to establish Hong Kong as an offshore centre where the currency can circulate freely.  
 But Yi said: "Don't think that since people are talking about it, the yuan is close to becoming a reserve currency. Actually, it's still far from that."  
 He said expectations of a stronger yuan, also known as the renminbi, had diminished. There was no basis for a sharp rise in the

exchange rate, partly because the price level in China had risen steadily over the past decade.  
 "This suggests that the value of the renminbi has moved much closer to equilibrium compared with 10 years ago," he said.  
 Yi's comments are unlikely to go down well in Washington, where lawmakers have scheduled a hearing for Sept. 16 to consider whether U.S. government action is needed to address China's exchange rate policy.  
 China scrapped the yuan's 23-month-old peg to the dollar on June 19 and resumed a managed float. The yuan has since risen only 0.8 percent against the dollar, and economists calculate that it has fallen in value against a basket of currencies.

TECHNOLOGY

Smartphone war pinches vendor margins

REUTERS, Helsinki  
 An increasingly heated battle in the global smartphone market is set to weigh on handset vendors' profit margins for the rest of the year, analysts said on Friday.  
 All top cellphone vendors including Nokia, Samsung Electronics and Research in Motion are rolling out new smartphone models for the holiday sales-fuelled fourth quarter.  
 "The smartphone market is becoming heavily congested as a host of players seek to boost margins. The reality in the second half is set to be very different," said analyst Geoff Blaber from British consultancy CCS Insight.  
 "The market will swell in volume but price erosion will inevitably result in casualties as value is captured by a minority rather than the majority," Blaber said.  
 Research firm Strategy Analytics said the ramp-up in supply will drive higher volumes, but this will pressure margins as vendors fight to outsmart rivals.  
 The world's three largest cellphone makers -- Nokia, Samsung and LG Electronics -- all saw smartphone rivalry hitting their profit margins in the April-June quarter.  
 "Each is in the midst of refreshing its respective product portfolio, with greater emphasis on smartphones during the second half of this year," said IDC analyst Ramon Llamas.  
 "Still, the upward pressure from vendors outside the current top five vendors, particularly Apple and Motorola, will provide tough competition in the quarters to come," Llamas said.  
 Samsung on Friday warned of weaker margins and profit growth in the second half after reporting telecom unit margins slumped to 7.2 percent as it boosted marketing spending in the absence of a strong smartphone model.  
 Samsung is making a big bet on its top model Galaxy S, which went on sale last month, while Nokia is counting on its upcoming N8 model to win a larger share of the high-end market.  
 Nokia has said its phone unit margin fell to 9.5 percent in the second quarter and was likely to slip again this quarter.  
 LG's phone unit made a loss last quarter and had a negative margin of 3.5 percent. It has forecast another loss for the business in the current quarter.  
 The cellphone market grew in April-June for the third quarter in a row, boosted by demand for low-end models in emerging markets and for high-end phones with touchscreens in mature regions.  
 Growth in the global cellphone market is set to slow slightly to 12 percent in the July-September quarter, but there are no signs of a major slowdown, Strategy Analytics said.



REUTERS  
 An employee of Samsung Electronics walks past the headquarters of the company with an advertisement board promoting its smartphone in Seoul Friday.

The researcher and CCS Insight both estimated the market grew 13 percent in the April-June quarter, while IDC saw the growth at 14.5 percent. Top vendor Nokia said last week the market grew 14 percent from a year ago.  
 The phone market saw a sharp downturn last year as the recession sapped consumer spending on new gadgets.  
 Canada's Research in Motion -- which broke into the No. 4 position in the global market in the first quarter -- held on to it, selling 11.2 million Blackberrys in the last quarter, just ahead of Sony Ericsson's 11 million phones.  
 Both firms held roughly 3.6 percent of the global market. Market shares of the top three changed little in the quarter, with Nokia holding 36 percent, Strategy Analytics said.

The game of business

According to The Economist magazine, "Managers have much to learn from game theory provided they use it to clarify their thinking, not as a substitute for business experience."  
 Modern game theory has been around for over 50 years and has demonstrated an ability to generate the ideal strategic choice in a variety of different situations, companies and industries. Game Theory is well-defined mathematical scenarios that encompass a set of players (individuals or firms), a set of strategies available to those players, and a pay-off specific to each strategy.  
 One simple and well-known example of a strategy game, familiar to first-year psychology students, is the four-quadrant Prisoner's Dilemma. A prisoner must decide whether to bet that his conspirator will stay mum, or will incriminate them both on the promise of more lenient punishment; and weigh the actions of himself doing these actions.  
 Companies are using of game theory to help them make high risk/high reward strategic decisions in competitive markets and situations. Game theory is also a tool for predicting outcomes of a group of interacting firms, where an action of a single firm directly affects the payoff of other participating players. Given that each firm functions as part of a complex web of interactions, any business decision or action taken by a firm impacts multiple entities that interact with or within that firm, and vice versa.  
 Said another way, each decision-maker is a player in the game of business. Therefore, when making a decision or choosing a strategy, firms must take into account the potential choices and payoffs of others, keeping in mind that while making their choices, other players are likely to think about and take into account your strategy as well. This understanding -- quantified through payoff calculations -- enables a company to formulate their optimal strategy.  
 Game Theory is ideal for auctions (e.g., sealed project bids), bargaining activities (e.g., union vs. management, pricing buy-back and revenue-sharing negotiations), product decisions (e.g., entry or exit markets), principal-agent decisions (e.g., compensation negotiations, supplier incentives) and supply-chain design (e.g., capacity management, build vs. out-source decisions).