

International Business News

Toyota to launch six new hybrids by end of 2012

AFP, Tokyo

The world's top automaker Toyota Motor plans to launch six new hybrid models by the end of 2012, a spokesman for the company said Tuesday, as competition to build greener cars heats up.

The six planned models will expand Toyota's hybrid-engine range of vehicles that run on gasoline and electricity at a time when rivals such as Nissan are developing all-electric vehicles.

The Wall Street Journal, citing a Toyota official in Detroit, said that the six new hybrids would include two luxury brand Lexus vehicles and four Toyota models.

Some will be hybrid models only -- like the Prius -- while others will also have a gasoline-engine variant, the report said. All of the hybrids will be new, and not next-generation versions of existing models.

Toyota's Prius hybrid has been a success for the carmaker, particularly in Japan where the compact vehicle has topped the country's best-seller list since May 2009.



Chief Marketing Officer of Acer Mobile India S Rajendran (L) and Qualcomm India Vice President-Business Development Sandeep Sibal pose with Acer Ferrari cellular telephones during a launch ceremony in New Delhi yesterday. Acer launched new Acer 'Liquid E Ferrari' smartphone on the Indian market with a retail price of Rs 28,000 (\$604).

Air Liquide in \$450m Saudi investment

AFP, Paris

The world's leading industrial gas group, Air Liquide of France, said Monday it would commit 450 million dollars to build two two hydrogen production units in Saudi Arabia, the largest single investment project in the company's history.

The units will be part of a refinery being built by the Saudi Aramco group in Yanbu Industrial City, on Saudi Arabia's west coast. The new refinery would be able to process 400,000 barrels of oil a day when completed in 2014.

Air Liquide senior vice president Pierre Dufour said the hydrogen project, worth 350 million euros, "reinforces our strategy and growing presence in the Middle East, where we continue to develop our industrial gas infrastructure in support of the evolving energy sector."

In the first half of this year the Middle East and Africa accounted for 2.0 percent of sales generated by Air Liquide's 5.7-billion-euro gas and services business, which itself accounts for 90 percent of the company's revenues.

AIG formulating plan to exit government ownership

REUTERS, Bangalore

American International Group Inc is in talks with US officials to formulate a plan that would speed up the insurer's exit from government ownership, the Wall Street Journal said, citing people familiar with the matter.

The exit plan could be rolled out as early as the first half of 2011 and is designed to repay the US taxpayers in full, the Journal said.

As per the plan, the Treasury department may convert \$49 billion in AIG preferred shares it owns into common shares.

This move would increase the government's ownership stake in the insurance company to above 90 percent, from 79.8 percent currently, the Journal said, citing people familiar with the matter.

However, after the conversion, the common shares would be sold off to private investors in a phased manner, a move that would reduce US ownership and potentially earn the government a profit if the shares rise in value, the newspaper said.

South Korea's Kia halts exports to Iran

AFP, Seoul

South Korea's Kia Motors, whose Pride model is ubiquitous on Iranian roads, said Tuesday it had suspended exports to the Islamic state after Seoul announced new nuclear-related sanctions.

"South Korean government sanctions... were part of the decision," Kia spokesman Michael Choo told AFP, declining to comment further.

Kia's Pride, a small hatchback, accounts for 30-40 percent of all vehicles on Iran's roads, according to the company. The firm last year exported 4,210 complete vehicles to Iran and 17,040 cars in kit form for local assembly.

Kia said it suspended all exports to Iran last month, including completed vehicles, kits and spare parts.

According to a survey issued Sunday, more than three-quarters of South Korea's small and mid-size exporters have partly or totally discontinued shipments to Iran following Seoul's sanctions.

COLUMN

The cheque's in the ether

RANDY KAHN

This month, a team of specially trained officers of the Bangladesh Bank, staff from each of the country's 48 banks, and a dozen different technology vendors are doing the final testing of the most advanced electronic cheque-processing systems in the world. Already, the system has been run in production for 24 hours and even several days at a time. Within weeks, it will take over from the country's ancient, manual system.

In most countries, this took many years, in a step-by-step evolution. Those with slightly advanced cheque-clearing systems had to develop a migration path from one system to another. But advantage can sometimes be taken from adversity. Bangladesh's system was so outdated and so many had passed through the stages that we could leapfrog to the most modern system.

Bangladesh Bank management decided to jump to a system with cheques captured at the bank of deposit, and only the digital cheque images and data moving electronically with full security. A machine captures the front and back, and the magnetic-ink data of up to 500 cheques a minute.

The new electronic funds transfer (EFT) system, set to be online next year, is even faster and more efficient. It will allow organisations, public and private, to make deposit electronically to any domestic bank account in one day at very low cost. Banks will be able to offer customers anywhere in the world online bill payment via the internet.

Jumping from a manual to a state-of-the-art system has never been done on this scale. It was years in the making. Every bank had its own branch-numbering system, for example. To work effectively, automated payments require a unique number for every bank branch in the country. And efficient cheque processing meant that the size and layout of every cheque at every bank had to be standard, with special ink across the bottom to be machine-read.

So many things had to change. A new paper standard had to be set for the cheques to easily pass through machines. Vendors had to learn to print them. Banks had to order them. Every bank had to have a secure data link to the Bangladesh Bank, including a back-up link -- and a separate link to a back-up site, with a back-up link to that site as well.

The UK's Department for International Development funded experts, hardware and software to make it all happen. But the team of officers of the Bangladesh Bank assembled for the Bangladesh Automated



Clients crowd counters of a bank in Dhaka. The new electronic funds transfer system allows organisations to make deposit to any domestic bank account in one day at low cost.

Clearing House (BACH) project was as impressive. In fact, their unwavering commitment to BACH has meant that their "bankers hours" were very long indeed.

The systems will do more than just speed payments. They will increase accuracy and control; help control illegal activity, such as money laundering; help move money internally; and provide a safe, efficient way to deliver payments from workers overseas.

World Bank studies show that countries that modernise payment systems average an extra 1 percent in gross domestic product. Now 1 percent may not sound like much, but it accumulates, year after year, to provide a major lift.

Once the specifications and tender were set, Crown Agents ran the procurement on behalf of DFID, selecting a consortium of vendors led by the local tech firm Dataedge Ltd. The vendors got busy putting together the hardware and software, but the best code and chips might have foundered without "buy-in".

One of my favourite mottos is: Technology is easy to change; people are hard. So

the BB team began educating staff, not only in the BB, but in each of the country's banks. The team's guidelines called for a BACH manager to be appointed in every bank branch, and it began persuading them. There were doubters; but even the sceptical ones eventually came on board.

BACH is just one facet of the Bangladesh Bank's modernisation program. With the World Bank, for example, the BB is installing a system to automate other activities that are manual today, and prepping a data warehouse to consolidate financial information from all bank branches to enable the electronic submission of financial records.

A credit information bureau is in the works. Also in development: a national switch to interconnect the ATMs of all banks in the country and allow bank ATM cards to be used for in-store purchasing.

While e-commerce requires information and access first, payments are a critical piece. Bangladesh will soon have a national platform for e-payments. The launch of the EFT system, with more capabilities to come,

is a ambitious program and a key part of Digital Bangladesh.

Three years ago, my partner and I developed specifications both for a modern cheque imaging and automation system and for an EFT system. Today, the hardware for EFT is installed and it will be fully online next year. My work is almost done, but my life is forever changed. I learned so much about this country -- about mother language, the fight for independence, about the many who struggle to survive every day yet are open, friendly and industrious and I made many new friends.

I noticed that last month my home city, Los Angeles, designated a neighbourhood as Little Bangladesh. I think I know more about what that means now than most of my countrymen -- and I'm proud of that. I also trust the economists that designated Bangladesh as one of the "11 Tigers" -- economies that are far behind today but have the potential to become major forces in the future.

Randy Kahn is the e-finity group senior consultant and BACH programme manager.

ANALYSIS

Uncertainty strikes US forecasters

REUTERS, Bangalore/Washington

US economists are having an unusually tough time predicting the path of a recovery that doesn't seem to fit neatly into a bullish or bearish box.

Forecasts for economic data are all over the map, causing confusion about whether the actual readings are better or worse than expected and what that might mean for growth prospects.

Reuters examined its polling data from more than 80 economists and found the range of estimates for some of the most closely watched indicators -- employment, housing and gross domestic product -- widened dramatically in 2010.

The growing gap is a reflection of what Federal Reserve Chairman Ben Bernanke calls "unusual uncertainty" about the economic outlook. It suggests the bulls and bears are pulling even further apart as debate rages over whether the economy is destined for a double-dip recession.

For investors who rely on these estimates to gauge each day's batch of data, the wide span means the consensus forecast does not necessarily represent what most economists think.

Instead, it may mark the midpoint between two widely divergent schools of thought, which can lead to heightened market volatility even when the figures match expectations.

For the White House, which is eager for evidence its policies are helping repair the economy, each disappointing number that tanks the stock market provides fodder for critics who say the approach isn't working.

It is not uncommon to see a wider gap when the economy is pivoting from recession to recovery. The magnitude, however, is striking, and there is no sign the uncertainty is going away.

"At every turning point, half the people in the room think the recession will never end and the other half are optimistic," said Chris Rupkey, chief financial economist at Bank of Tokyo-Mitsubishi in New York. "This particular turning point seems to be, as the Fed chairman said, one of unusual uncertainty."

In the Reuters data, the average forecast range for the monthly employment report



Federal Reserve building is seen in Washington, DC. Economists are having difficulty predicting the path of economic recovery.

stands at 250,000 so far this year, far wider than the average of 170,000 since the start of 2005.

For existing home sales, the average range ballooned to 800,000 this year, nearly double the 2005-through-2010 range. And even with that unusually wide range, the actual housing data has come in below the lowest forecast twice so far this year, triggering heavy stock market declines.

On GDP, the range has averaged 1.9 percentage points, well above the 2005-2010 average of 1.3 points.

Other surveys show a similar pattern. Randall Moore, executive editor of Blue Chip Economic Indicators, said he noticed an abnormally large gap between the top and bottom 10 forecasts in his monthly GDP polling.

"You've still got a strong grouping in the middle. The outliers are just further apart," he said.

What divides the groups is disagreement over how well the economy will hold up

once government stimulus wears off.

The bulls point out that corporations are cash-rich and household savings have grown, providing the building blocks for the recovery to pick up steam next year.

The bears think consumers have permanently changed their borrow-and-spend ways, which means the consumption-dependent economy will falter. They worry that political opposition will prevent the government from providing more assistance.

Tuesday's retail sales report for August illustrates how these varying views can affect investor perceptions of the economy. Depending on which forecaster you follow, retail sales might be the strongest since March or the weakest since June.

The consensus view calls for a rise of 0.3 percent, which would be a tad bit weaker than July's. But the forecasts range from a decline of 0.3 percent to an increase of 0.6 percent, and only 22 of the 77 economists matched the consensus call.

Reuters removes the highest and lowest forecasts before calculating the median, which helps reduce the impact of the extremes, but sharp differences in opinion remain.

Goldman Sachs, which had the highest retail sales forecast in the Reuters survey, said it based its bullish view on reports from retailers showing sales picked up in August.

Landesbank Berlin, which had the lowest August retail sales forecast, thinks the weak housing market will drag down sales of building materials, economist Uwe Duerkop said.

If the actual number comes close to either of those two forecasts, the market reaction could be volatile. Bank of Tokyo's Rupkey said stock investors were unusually keyed into the consensus, and even marginal misses triggered big moves.

"It's become quite important in setting the tone of daily trading. The disappointments or hallelujahs after some of these numbers... can be really extreme," he said.