

International Business News

Airbus says Chinese firm to make some A350 parts

AFP, Beijing
Airbus said Wednesday it had awarded the manufacture of some wing parts for its A350XWB -- an aircraft designed to compete with Boeing's Dreamliner -- to a Chinese aviation company.

With the move, the European aviation giant made good on a 2007 pledge to manufacture five percent of the A350's airframe in China.

"This is... an important step forward for Airbus to develop a truly global industrial and engineering footprint, which helps Airbus to create a competitive cost base," Klaus Richter, vice president of procurement, said in a statement.

Airbus said the Chinese firm, CAC Commercial Aircraft Company (CCAC), would manufacture the A350's spoilers and droop panels. Both are movable control surfaces on the wing.

It added that one of its joint ventures in China, Airbus Beijing Engineering Centre, would be involved in the design of the parts.



AFP
A model displays the new DX-format digital single lens reflex (SLR) camera 'D7000' from Japanese camera maker Nikon during a press preview in Tokyo yesterday. The new camera is equipped with a 16.2 mega-pixel CMOS sensor and a newly developed image processing engine 'EXPEED 2' and will be put on the market by Nikon on October 29.

Dell aims Streak tablet at medical community

REUTERS, San Francisco
Dell Inc wants to put its new tablet into the lab coats of doctors, as it aims to broaden the appeal of the device beyond consumers and tie it more closely to the company's software.

Dell on Tuesday said it is integrating the new Streak tablet with its established healthcare software, enabling doctors to access patient information and electronic medical records as they go about their daily work.

Dell launched the 5-inch, touchscreen device last month. It runs on Google's Android software and doubles as a smartphone.

The Streak costs \$549.99, or \$299.99 with a 2-year contract from AT&T. The company said it hopes to get doctors up and testing the device this fall.

The Streak is one of a slew of tablets that have or will hit the market this year, following the runaway success of Apple's iPad. Tablets have primarily been aimed at consumers, although more business-focused devices are on the way.

Sinochem says not keen on Potash buy

REUTERS, Beijing/New York
China's state-owned Sinochem Corp appears unwilling to make a bid for Potash Corp, even as Beijing voiced concern over BHP Billiton's \$39 billion bid for the Canadian firm on Wednesday.

Sinochem would instead consider buying some of Potash Corp's assets such as its nitrogen or phosphates businesses as an acquisition of the fertilizer giant would not be a good deal, a senior Sinochem official was quoted telling an influential Chinese magazine.

China, which typically buys about 7 percent of the output of Potash Corp, the world's largest fertilizer maker, fears a BHP takeover might push up the cost of fertilizers crucial to boosting food production for its huge population.

That has fed speculation that a major state-owned Chinese company might try to stymie BHP's hostile takeover bid by launching a rival offer or by buying a blocking stake in Potash Corp, with market talk centering on Sinochem.

Fiat eyeing Mubadala fund's stake in Ferrari

AFP, Milan
Italy's Fiat, which owns 85 percent of Ferrari, is in talks to buy the Mubadala fund's five percent stake in the luxury car maker, according to the daily Il Giornale on Wednesday.

Fiat declined comment on the report when contacted by AFP.

The right-wing newspaper said an option for Fiat to acquire the Abu Dhabi-based fund's share expired on July 31, adding that it would be priced at 302.7 euros (392.6 dollars) per share.

COLUMN

Old-school forex rules hinder growth

MAMUN RASHID

A few years back, while I was giving a presentation, the entire audience was surprised to hear that a local commercial bank needs the central bank's approval to provide financing against a guarantee from an overseas bank, even if it's rated AAA/Aaa. No approval is required if the same guarantee is from a local bank, however. On another occasion an overseas colleague asked why Bangladeshi exporters need central bank approval to give even a single dollar of discount up front to their overseas buyers.

These are only the tip of the iceberg. My 24 years of working for global banks, at home and abroad, has given me glimpses of many more business-crushing ice chunks below the surface. Yet the imminent prospect of a revision of the Foreign Exchange Regulation Act (FERA) encourages me. Here is what I will be looking for.

1. The revised act should provide clear definitions of capital account transactions, current account transactions, services in export and import, and rules for securities and off-shore banking unit. It should allow local exporters to sell their short-term accounts receivable to an overseas buyer. Getting such up-front payment could trigger payment upon possession by the importer (via back to back LCs). This would help the local exporters and their banks by generating more appetite for credit.

2. Overseas investors are becoming interested, amid many other countries' falling sovereign debt ratings, in taking on Bangladesh debt. It's not viable without a new structure to facilitate such self-liquidating short-term transactions, as short-term dealings don't fall under the jurisdiction of the Board of Investment (BOI).

3. Our leading business houses have long said that selective overseas acquisitions could benefit this country's food processing, information technology, leather footwear and pharmaceutical industries. Bangladesh's top-tier corporations could make inroads into overseas markets, building brands and overseas marketing networks, while our nation becomes a production hub and more competitive source of supply.

There are ways to arrange offshore acquisition financing, as were done by some Indian multinational corporations. If so, the outflow of foreign exchange will also be minimal, allaying the chief concern of the country's foreign exchange-related regulations.

4. One section of FERA is grating to agents. The existing rules require an expatriate, even after getting a BOI work permit, to again seek the permission of the central bank. Similarly, foreign companies must seek permission both from Bangladesh Bank and the BOI to operate here, a duplication that creates an unnecessary layer of bureaucracy.

5. Another issue FERA's premise that a party is guilty until proven innocent, whereas under India's Foreign Exchange Management Act a party is innocent until proven guilty. FERA charges are treated as a criminal offence and punishable with imprisonment, whereas FEMA offences are civil and only punishable with a monetary penalty. Imprisonment is a danger only if one fails to pay.

6. FERA must address the growing demand for open-account transactions. In Bangladesh, these are still restricted to fully foreign-owned industries in export zones. They should be gradually and selectively liberalized to include Ready Made Garment concerns, given the demand



A man scans exchange rates at a money-changing booth at Dhaka Sheraton Hotel yesterday.

from buyers of such exports.

Change is possible. India at one point saw even partial convertibility of the rupee as unthinkable. But in time that situation changed. Its enactment of FEMA in 2000 supplanted their FERA of 1973. That shifted the focus from conservation of foreign exchange to facilitating trade and payments. It also brought a new management regime consistent with the emerging framework of the World Trade Organisation (WTO).

Ours is a country with \$16 billion-plus in exports and almost \$24 billion in imports. We must expand our narrow export base and destinations and attract more foreign direct investment and remittances -- all while protecting the interests of domestic businesses. It is high time to tune our FERA accordingly.

Mamun Rashid is the ICC Banking Commission chairman for Bangladesh. He can be reached at mamun1960@gmail.com

MEDIA

Asia defies global newspaper meltdown

AFP, Hong Kong

Asian newspapers are defying the global print media meltdown while their counterparts in the West spill red ink and lay off staff in droves as readers flock to online news.

Print advertising -- the lifeblood of a newspaper's revenue base -- has plunged 47 percent in the hard-hit North American market since 2005, while the outlook for Europe, Middle East and Africa (EMEA) remains tepid, says a new study by global consultancy Pricewaterhouse Coopers.

However, Asia's newspaper advertising is expected to rise 3.1 percent annually through 2014 to 27.3 billion US dollars, according to PwC's "Global Entertainment and Media Outlook 2010-2014."

The trend toward online news has been slower in Asia where newspapers remain popular, including Japan which has the world's highest newspaper readership.

"In Asia Pacific and Latin America...newspaper readership has held up and is increasing, which accounts for their stronger performance in recent years and faster growth rates compared with North America and EMEA in the next five years," the report said.

Spending in Asia's newspaper sector will rise at 2.3 percent annually through 2014, it added.

In Hong Kong, the city's myriad Chinese and English-language newspapers wage a daily battle for readers in one of the world's most saturated newspaper markets.

Leading tabloid Apple Daily boosts its coverage with fanciful animated depictions of gruesome and violent news stories, and employs an army of young reporters who will stop at little to get the story.

"It is cut-throat competition," says Cheng Ming-yan, Apple's chief editor, adding, "We're not conservative -- we have very aggressive reporting."

Number-one selling Oriental Daily News (ODN) once sued its bitter rival Apple over claims that its reporters tricked ODN colleagues into divulging exclusive stories.



Newspaper readership in Asia Pacific and Latin America is increasing compared with the rest of the world.

"It is pretty intense -- Hong Kong has always been a newspaper town," said Steve Shellum, executive editor of the English-language daily The Standard.

Newspapers reach almost 80 percent of adults in Hong Kong, a city of seven million, and its two biggest-selling papers each claim a daily readership above 1.2 million, according to "World Press Trends 2010" produced by newspaper association WAN-IFRA.

"Chinese people are eager to get information from newspapers because, traditionally, that was the way their mother and father spent their leisure time," said Cheng

at Apple Daily.

But circulation at Hong Kong's paid dailies has still been dropping as free newspapers muscle in on their turf.

Apple not only plans to continue using cartoon animations in its print edition, it is also moving to video with sometimes questionable depictions of news -- all in a bid to attract the next generation.

"It's very important and will become more important. Young people have grown up with cartoons -- they want the image," Cheng said.

Apple's computer-generated video of Tiger Woods' now ex-wife running after his car swinging a golf club -- after hearing of

the golf legend's infidelities -- was an Internet sensation, and seems unlikely to be a one-hit wonder.

"Our new business is to focus on live animation news," Cheng said.

That swing to online and video news will ultimately spell doom for newspapers even in the Asian market, said Chan Yuen-ying, director of the University of Hong Kong's journalism school.

"(The decline) is hitting Asia slower and media owners still have some time, but the door is closing," Chan said.

"I don't think there is reason to be optimistic."