International Business News

Russian tycoon to launch slimline British newspaper

AFP, *London*

Russian tycoon Alexander Lebedev, who owns three British newspapers, will launch the country's first quality daily in 25 years this week in a risky bid to grab more of the ailing British press market.

The concise new paper, called "i", will be available from Tuesday for just 20 pence (31 US cents, 23 euro cents) -- a fifth of the price of British broadsheets such as The Times.

It is "specifically targeted at readers and lapsed readers of quality newspapers," according to Lebedev's main national daily, The Independent, which will share editorial staff with the new publication.

"Time-poor newspaper readers, and especially commuters, have been telling us for years that they are inundated with information and just don't have the time to read a quality newspaper on a regular basis," said Independent executive Andrew Mullins.

The Independent and The Independent on Sunday were bought by Lebedev in March, a year after he purchased London's Evening Standard.

The launch of a new paid-for title is risky in a market that is both saturated and in decline.

French luxury retailer LVMH takes 14.2pc of Hermes

AFP, *Paris*

LVMH, the world's leading luxury retailer, said Saturday it had taken a 14.2 percent stake in Hermes but denied it wanted to take over the French luxury goods firm.

The company controlled by French businessman Bernard Arnault said it wanted to boost the stake to 17.1 percent at a total cost of 1.45 billion euros (two billion dollars) but was not seeking even representation on the Hermes board.

The move makes LVMH the largest Hermes shareholder after the heirs to the family share of around 70 percent.

There has been speculation about the future of Hermes, known for its fine leather goods and silk scarves, since the death in May of its charismatic head Jean-Louis Dumas.

In a statement LVMH said that it holds 15,016,000 shares of Hermes International, with the objective "to be a long-term shareholder of Hermes and to contribute to the preservation of the family and French attributes which are at the heart of the global success of this iconic brand."

AFP

A Nespresso display at Nestlé's nine-month sales press conference in New York on October 22. For the first time, the press conference was held outside Switzerland in the US, Nestlé's biggest market.

Rio targets Australia iron ore after BHP bid lapse

AFP, *Sydney*

Mining giant Rio Tinto said it was focused on a massive ramp-up of its Australian iron ore operations Sunday, following the "disappointing" collapse of a lucrative tie-up with rival BHP Billiton.

Rio chief Tom Albanese said both companies had done "everything we could" to get the regulatory approval necessary to merge their iron ore projects in the mineral-rich Pilbara region -- a deal they ultimately abandoned on Monday.

"Once we heard from the regulators we both recognised this is just getting too hard so we unfortunately -- because I'm disappointed -- terminated that agreement this week," Albanese told ABC television.

"And we're moving on -- we're moving on by expanding our operations in the Pilbara."

Rio announced a 3.1 billion US dollar ramp-up of its Pilbara projects Wednesday, targeting production capacity of 283 million tonnes a year in 2013 and 333 million tonnes by 2015 from 220 million tonnes currently.

"I think the single best thing that we could be doing for Rio Tinto shareholders is to get as many tonnes developed in the Pilbara (as possible) and that's exactly what we're doing," Albanese said.

Venezuela to invest $780m in Iran gas field

AFP, *Tehran*

Venezuela's state oil giant Petroleos de Venezuela SA plans to invest 780 million dollars in a project in Iran's South Pars gas field, an Iranian official said on Sunday.

"During the Venezuelan delegation's recent trip, an agreement was signed for Venezuela to invest 780 million dollars to develop South Pars phase 12," project chief Hamid Akbari was quoted as saying by the oil ministry's Shana news agency.

Akbari said the agreement would be operational in three months.

Last week, Venezuelan President Hugo Chavez visited Iran during a trip in which his delegation signed 11 deals on energy cooperation between Iran and Venezuela, two of the world's major oil producers.

The two countries also signed pacts for a joint oil shipping company and joint construction of petrochemical plants.

Relations between Iran and Venezuela have flourished under President Mahmoud Ahmadinejad's rule, especially after Chavez openly backed Tehran's nuclear programme.

INTERVIEW

Banking on mobile

BRAC Bank boss shares his take on a new venture that links tech and banking

STAR BUSINESS REPORT

Mohammad Ali, a 55-year-old man living in a rural backwater in Pirojpur, looks to the days when he will not have to travel miles to get the money sent by his son through a bank in Dhaka.

He will be able to take the cash from an outlet near his home, far from the upazila of Kaukhali in the southern district. This will be a new reach of banks pairing up with mobile technology.

Here comes an effort by BRAC Bank to reach out to the rural people. With this vision in mind, the bank has undertaken a new venture, bKash Limited, to redefine how banking is done in Bangladesh, how the service is provided to customers -- both urban and rural.

Mobile banking, also known as m-banking, is a term used for checking balance, account transactions, payments, and credit applications by mobile phone.

BRAC Bank wants to cash in on the presence of 6.51 crore mobile subscribers in Bangladesh. It is set to sign separate deals with telecoms companies to launch the service in the first quarter of next year.

"In Bangladesh, infrastructure is a major problem. That's why banks cannot take their services to remote areas even if they want. It is the mobile technology that is reaching out to the rural population," Syed Mahbubur Rahman, managing director and CEO of BRAC Bank.

"BRAC Bank takes pride in specialising in bringing innovative financial and banking products and services to the masses," Rahman said. "We aim to bring banking services to those who remain outside the benefits of financial services."

bKash has been created as a joint venture between BRAC Bank and equipment leasing and financing agent Money in Motion (MiM), USA, which will provide mobile financial services to the masses under a payment systems operator licence approved by Bangladesh Bank.

"bKash will provide mobile money services for both the banked and unbanked people," he said.

Syed Mahbubur Rahman: We aim to take banking to those who are left out of financial services.

The underlying mission of bKash is to create a platform driven by mobile technology that is easily accessible to people, and to help them take part in financial transactions, the top official adds.

"It will eventually create a sustainable micro-savings platform to achieve the ultimate goal of financial inclusion."

BRAC Bank will be the settlement bank for bKash as a payment services provider.

"We do things differently. We are trying to bring more people -- unserved and underserved -- under financial inclusion," he said.

Things seem easier for BRAC Bank than other private peers, as it is well-dispersed across the country. It runs 137 branches -- 74 retail branches, 60 SME service centres and three agri/SME branches. All carry the same facilities and real-time, online banking, the bank says. In addition, BRAC Bank has 424 SME unit offices dedicated for SME loans.

BRAC Bank, the sixth largest handler of inward remittance, does not expect profits from the mobile banking venture in the first two years of service, but aims to break even in the third year.

According to the half-yearly statement of 2010, it logged Tk 67.4 crore in profit after tax, compared to Tk 41.3 crore in the same period last year.

Besides BRAC Bank, Dutch-Bangla, Dhaka, Eastern and Trust banks have received permission to go into mobile banking in a bid to serve the unbanked population.

About the prospect of mobile banking, the central bank governor rides on a high hope. "It (mobile banking) will bring revolution to the country," BB Governor Atiur Rahman told The Daily Star. Rahman hinted that more banks were expected to come on the scene with mobile banking.

ANALYSIS

G20 has to show FX pact packs meaning

REUTERS, *Gyeongju, South Korea*

Excited talk of currency wars has given way to an uneasy truce, but what has so far been a phoney war could yet break out into outright hostilities.

The statement thrashed out among finance ministers of the Group of 20 leading economies in South Korea at the weekend did no more than paper over the radically different views of the two main belligerents -- the United States and China.

Sometimes international meetings sow the seeds of understandings that, over time, bear policy fruit. But most times what you see is what you get.

And what world markets saw in Gyeongju was two countries poles apart on who is responsible for global imbalances that are generating currency volatility and threaten to spill over into 1930s-style protectionism -- at a time when the world economic recovery, in the words of the G20, is "fragile and uneven."

"On the currencies, I would have liked to have seen more substantive progress there," said Canadian Finance Minister Jim Flaherty.

"We did make directional progress," he said, but added: "There was a lot of push back from China and some of the other countries as well. I think there's nervousness about the fragility of the economic recovery."

Washington pressed its case that countries with big external surpluses, primarily China, need to let their currencies rise.

The result? A call in the communique for more market-determined exchange rate systems, the avoidance of competitive devaluations and the pursuit of a full suite of policies to reduce current account imbalances.

Developing economies countered with criticism of rich countries for cranking up their money-printing presses and, in the process, sending a flood of money into their markets that is inflating asset bubbles and forcing up their exchange rates to the detriment of export industries on which they rely for growth.

The result? A promise in the closing statement that countries that issue reserve currencies -- code principally for the United States -- would be vigilant against excessive volatility and disorderly movements in exchange rates.

"The outcome of the G20 meeting clearly shows progress in the global rebalancing policy debate," said Thomas Stolper, chief currency strategist at Goldman Sachs in London.

AFP

Left to right front row, Bank of Canada Deputy Governor John Murray, France Central Bank Governor Christian Noyer, European Central Bank President Jean-Claude Trichet, US Federal Reserve Chairman Ben Bernanke, Spain's Economy Minister Elena Salgado pose for a group photo at the G20 Finance Ministers and Central Bank Governors meeting in Gyeongju on Friday.

"At the same time, this is not a Plaza-style statement that signals a broad agreement on the role currencies have to play in the global rebalancing," he added, referring to the 1985 Plaza Accord by five leading nations to drive down the dollar.

Chris Turner, head of FX strategy at ING Commercial Banking in London, argued that the G20 surpassed market expectations by delivering a comprehensive set of reforms: Washington had pledged not to devalue the dollar in return for an agreement by emerging market (EM) economies to let their currencies appreciate.

Seen through this prism, a surprise agreement to transfer six percent of voting power at the International Monetary Fund to developing countries is part of a grand bargain.

"The US now argues that with greater representation comes greater responsibility. Thus EM nations should allow their currencies to trade more freely," Turner said in a note.

Yet it did not feel in Gyeongju that a new era in global cooperation was dawning.

Chinese Finance Minister Xie Xuren demanded that rich countries implement responsible policies; German Economy Minister Rainer Bruederle said quantitative easing by the Federal Reserve was tantamount to manipulating the dollar's exchange rate.

There was also a cool reception to US Treasury Secretary Timothy Geithner's initiative to limit current account imbalances to four percent of gross domestic product.

India, Russia, Japan and Germany, as well as China, the target of Geithner's tactic, all rebuffed the proposal.

US officials proclaimed themselves pleased that floating the idea of target ranges for imbalances had switched the focus of the debate from the narrow issue of the yuan's exchange rate.

But Canada's Flaherty was not alone in saying he was "not overly optimistic" that G20 leaders would reach agreement on more detailed targets at their November 11-12 summit in Seoul.

"Other countries make the point that there are very particular national circumstances, so a single number applied to all countries may not be appropriate," George Osborne, Britain's finance minister, said.

While there was evidence of progress in some key areas, the final communique showed all the signs of a "weak compromise between competing interests," according to Gareth Barry, a currency strategist with UBS in Singapore.

If not much changes as a result of Gyeongju, questions are bound to be asked again whether a group as disparate as the G20 can be a cohesive steering committee for the global economy.

Boosters note approvingly that the group, for the first time, grasped the nettle of exchange rates.

"To my mind, today's achievements show that G20 can deliver," said Olli Rehn, the European Union's economic and monetary affairs commissioner.