

International Business News

Europe's Typhoon jet leading India deal race

REUTERS, London
The Eurofighter consortium, made up of Britain, Germany, Spain and Italy, is leading the race to win a 7 billion pound (\$11.3 billion) deal to supply 126 Typhoon fighter jets to the Indian Air Force, the Sunday Telegraph reported.

The Typhoon, produced by Britain's BAE Systems, Italy's Finmeccanica and pan-European aerospace firm EADS, topped the Indian Air Force's technical assessment of bids, beating the American F16 and F18s, Russian MiG 35 and France's Dassault Rafale, the report said.

The Eurofighter jet wins the deal, India would become the consortium's third-largest customer and an unofficial fifth partner in the project.

"The Indians would be one of the biggest users of Typhoon, which would give them a vote at the table," the paper cites an official as saying, adding that the findings have been forwarded to India's defence ministry who will make a final decision in "the next few months".

Coal India issue could boost future state sales

AFP, Mumbai
The success of India's 3.4-billion-dollar sale of shares in state-run Coal India has raised hopes of big returns for the government from a cascade of looming partial privatisations, analysts say.

The sale of a 10 percent stake in Coal India was oversubscribed 15 times and shares soared 40 percent on their opening day of trade last week as foreign and domestic investors scrambled to invest in the world's biggest coal miner.

It was India's biggest stock sale ever and "will see a positive rub-off on future disinvestments", Sanjay Sharma, head of equities with Deutsche Bank, told AFP.

The Congress-led government is planning stakes sales in at least half a dozen state-owned firms in the coming months as part of a wide-ranging divestment strategy encompassing energy to steel companies.

The government aims to make the most of a booming share market which has soared 20 percent this year to hit record highs, boosted by inflows from foreigners escaping dismal returns and anaemic growth in the developed world.

G20 comes to Asia for fifth summit

AFP, Seoul
The Group of 20 holds its fifth summit this week in South Korea, the first Asian nation to pay host to the pre-eminent gathering of leaders from major developed and developing countries.

Here is a summary of the G20, which elevated its meetings to summit level in 2008 to combat the world financial crisis, and then supplanted the G8 as the main driver of global economic coordination.

-- The G20 comprises the members of the Group of Seven industrialised countries (Britain, Canada, France, Germany, Italy, Japan and the United States) and a dozen emerging-market economies (Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea and Turkey), plus the European Union.

-- The G20 chair rotates between members and is selected from a different regional grouping of countries each year. France will succeed South Korea at the conclusion of the Seoul summit on Friday.

-- The G20 members account for around 90 percent of global economic output, 80 percent of world trade and two-thirds of the world's population.



AFP
Unemployed people search for jobs in an employment office in the southern Californian town of El Centro, a town of 50,000 people where 30.4 percent of the work-age population are without employment. According to the latest data 13 US cities and towns -- including nine in California -- have a jobless rate of over 15 percent.

Italy tax drive pushes San Marino to the brink

AFP, San Marino
There is a chill wind blowing through the medieval hill town of San Marino, the oldest sovereign state in the world and a once notorious tax haven that is facing growing pressure to clean up its act.

And no one knows it better than the taxi driver ferrying an AFP reporter past empty banks who, speaking condition of anonymity, said he has seen many customers walking out with suitcases full of money in recent months.

"Everyone used to bring his money to San Marino," he sighed.

The melancholic tone can be heard in the highest echelons of power in San Marino, a mini-country of around 30,000 people that according to legend broke away from the Roman Empire in 301 and has had its own constitution since 1600.

Italy's drive to sanction banks and companies that do business in San Marino "could lead to the end of the sovereignty of our state," Secretary of State for Finance Pasquale Valentini told AFP in an interview in the government palace.



A magazine for social cause



STAR BUSINESS REPORT

Dia Asiana, a magazine for Asian women, was re-launched with a new look at a gala event in Dhaka on Saturday to boost the growing fashion trend in Bangladesh.

The magazine was first launched in 2007, under the initiatives of Nasrine Rasheed Karim.

The new-look magazine will be a "social business initiative" because all profits will be channelled to Noor-E-Farid Nasrine Academy that funds an orphanage.

An extravagant fashion show, coupled with mesmerising musical performances, also played out in the presence of hundreds of guests at Sonargaon Hotel.

A joint venture between Dia House of Fashion Ltd and I and I Media Ltd (UK), the high-end magazine will soon hit newsstands.

Dia Asiana is the Bangladesh edition of the 'Asiana' and 'Asiana Wedding' magazines, which are popular in the UK, recognised for the bold statement it makes for the women of today.

The magazine will cover issues like lifestyle, interiors, textile news, Asian haute cuisine, products and handy tips for the readers.

Twelve models from the UK and a group of local models sashayed down the catwalk and showcased major international brands for the first time in Bangladesh.

Gitanjali Lifestyle, Signature by playback singer Runa Laila and By-Deshi also featured their fashion lines.

Top, Playback singer Runa Laila is seen with models at a fashion show to mark the relaunch of Dia Asiana, a magazine for Asian women, at Sonargaon Hotel in Dhaka on Saturday. Left and right, Models sashay down the catwalk.

SHAWKAT JAMIL



COLUMN

The black swan

SARWAR AHMED

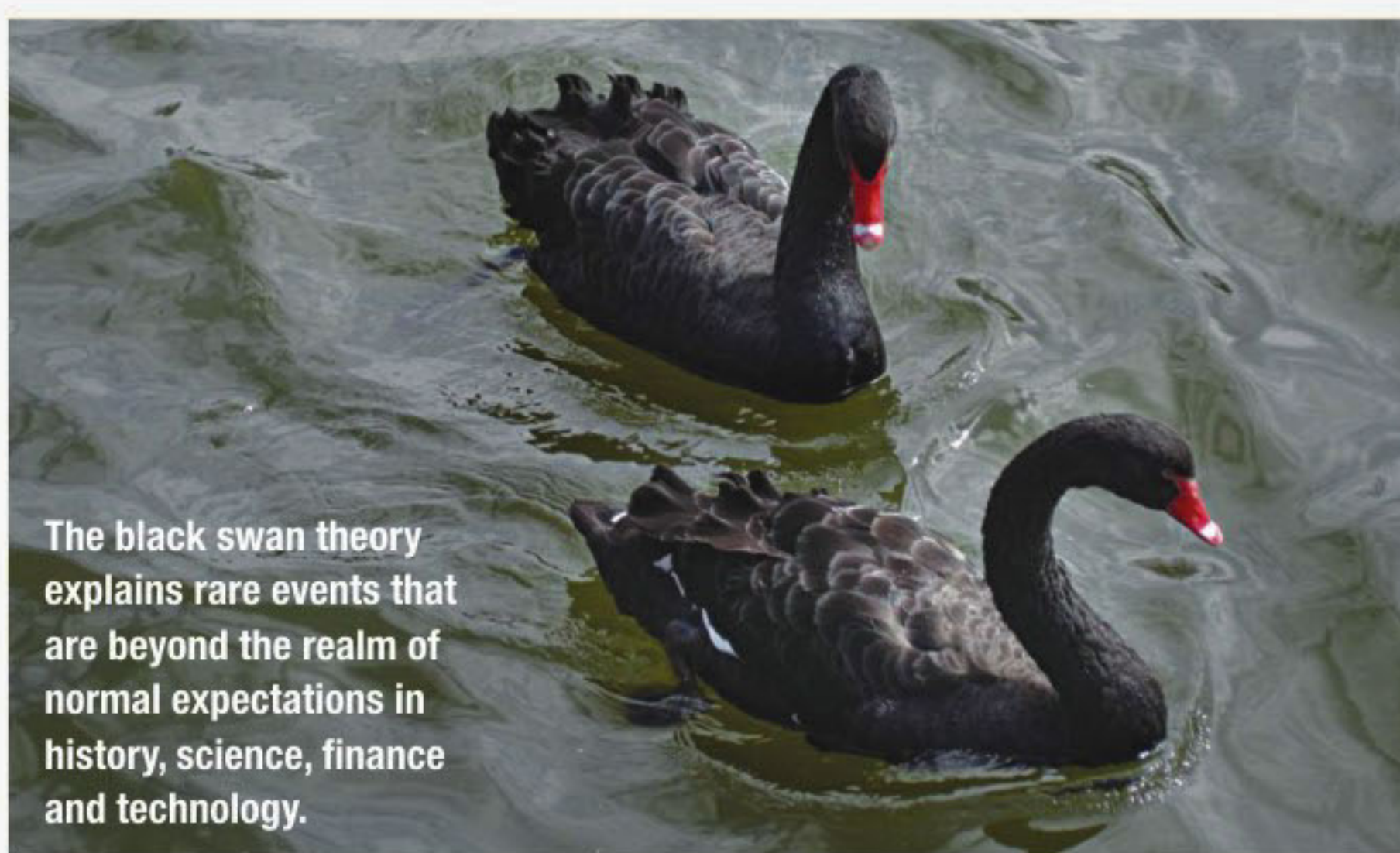
It was a chilly April morning when Fakhruzaman, my Bangladeshi colleague who works for Syngenta in Europe, drove me for a sightseeing tour through the idyllic English countryside near Cambridge. We stopped over for some tea and muffins in a restaurant next to a small river. White swans floated on the cold water next to the bank, waiting for wayfarers to throw titbits for them to savour. I was taken aback when I saw a couple with swans, which were black in colour. Until then, I never knew there were black swans.

According to Wikipedia, until the mid 16th century, Europe knew only of white swans and a black swan was used as a statement of impossibility. Only after a Dutch expedition in 1697, led by explorer Willem de Vlamingh, the black swan was discovered on the Swan River in Western Australia. The term metaphorised to connote that a perceived impossibility might later be disproven.

As I read through Malcolm Gladwell's latest book, What the Dog Saw, one particular chapter stuck on like a post-it. It is about the black swan theory, conceived by a Lebanese, Nassim Nicholas Taleb, who also has a best-selling book on the subject.

Taleb explains that a black swan is an event with three attributes. First, it is an outlier, a rarity, as it lies outside the realm of regular expectations, because nothing in the past can convincingly point to its possibility. Second, it carries an extreme impact. Third, in spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable and predictable.

As Wikipedia states, this theory explains: 1) the disproportionate role of high-impact, hard to predict, and rare events that are beyond the realm of normal expectations in



The black swan theory explains rare events that are beyond the realm of normal expectations in history, science, finance and technology.

history, science, finance and technology, 2) the non-computability of the probability of the consequential rare events using scientific methods owing to their very nature of small probabilities, and 3) the psychological biases that make people individually and collectively blind to uncertainty and unaware of the massive role of the rare event in historical affairs.

Who dreamt the 9/11 would happen, or the financial meltdown of 2008? Taleb did bet that a black swan would hit the financial system sooner or later, prior to its meltdown. His black swan theory proved him true with the catalytic event of 2008 and its far-reaching consequences on the global economy.

Here is an interesting piece I came across recently. The global risks advisory firm Maplecroft has released a new Climate Change Vulnerability Index, which enables organisations to identify areas of risk within their operations, supply chains and investments. It evaluates 42 social, economic and

environmental factors to assess national vulnerabilities across three core areas: exposure to climate-related natural disasters and sea-level rise; human sensitivity, in terms of population patterns, development, natural resources, agricultural dependency and conflicts; thirdly, the index assesses future vulnerability by considering the adaptive capacity of a country's government and infrastructure to combat climate change.

The index rates 16 countries as 'extreme risk,' including nations that represent new Asian economic power and possess significant forecasted growth. Maplecroft rates Bangladesh as the country most at risk due to extreme levels of poverty and high dependency on agriculture, whilst its government has the lowest capacity of all countries to adapt to predicted changes in the climate. In addition, Bangladesh has a high risk of drought and the highest risk of flooding, according to the Maplecroft website. The grim predictions include a deteriora-

tion of agricultural productivity. According to International Food Policy Research Institute, a crop model based on climate change indicates that in South Asia, average yields in the year 2050 for crops will decline from 2000 levels by about 50 percent for wheat, 17 percent for rice, and about 6 percent for maize.

Is climate change our black swan? Unlike Taleb's black swan theory of unpredictability, the saga of climate change is inevitably unfolding. As is our good old habit, all we do to mitigate climate change is ask for a dole with the proverbial bowl in our hand.

To ensure food security, we need to increase agricultural productivity in a situation where our population is on the rise, we continue to lose arable land, become vulnerable to erratic weather and consequently, water resources dwindle.

Do we sense this urgency to adapt our agriculture at a faster rate or just cope with fulfilling current needs? Newer agricultural technologies, be it water availability and use, seeds, mechanisation or chemicals, need to be adopted to cope with the dawning reality.

As an example, let us look at the major resource for sustainable agriculture, water. It isn't only Dhaka that needs its canals to be dug to keep self-righteous activists happy. We need to make water available for agriculture in a more sustainable way, instead of raising our hands for providence to deliver.

To tap this resource for agriculture, we need to dig, dig out irrigation channels that can hold water during the monsoons and are linked up with our rivers to draw water during drier times. It seems Maplecroft's statement of our government's capacity to adapt and understand the new reality is indeed true. The black swan is flying in our direction. Are we ready to face it?

The writer is the managing director of Syngenta Bangladesh Ltd.