

International Business News

Holcim sees challenge with subdued building activity

Swiss group Holcim, the world's second-biggest cement supplier, reported on Thursday a 19-percent drop in its third-quarter net profit and warned of a challenging outlook for the rest of the year.

The third-quarter profit attributable to shareholders of 544 million Swiss francs (563 million dollars, 406 million euros) brought its nine-month figure down to 875 million francs, a decline of 27.1 percent compared to the same period last year.

The nine-month net profit was above the average of 830 million forecast by analysts polled by Swiss business news agency AWP.

Net sales over the period were up by five percent at 16.6 billion francs.

However, Holcim said the global building materials markets "suffered a setback" with weaker demand in the third quarter.



Indian actress and Rado watchmaker brand ambassador Lisa Ray poses for a picture displaying a piece from the new Rado Centrix collection during the launch in New Delhi yesterday. The Rado Centrix collection starts from \$767 (556 euros).

Hong Kong sets controversial minimum wage

Hong Kong on Wednesday set the city's first minimum wage at 3.60 US dollars an hour, prompting anger from labour groups which criticised the amount as unreasonable amid a growing income gap.

The government is aiming to usher in a base wage of 28 Hong Kong dollars (3.60 US) from May next year -- lower than the 33 Hong Kong dollars which labour activists have been demanding.

The controversial issue has divided business and labour groups for more than a decade, with business groups warning it would lead to widespread job losses among poor workers.

Concern about Hong Kong's growing income gap -- which the UN Development Programme last year pegged as the world's biggest among wealthy economies -- prompted the government to introduce a wage floor.

The city's labour department said the new wage would benefit almost 315,000 workers in the southern Chinese city, boosting their pay by 16.9 percent on average.

Singapore grounds superjumbos on engine woes

Singapore Airlines on Wednesday joined Qantas in grounding several A380 superjumbos because of engine problems, piling more pressure on European aircraft maker Airbus and Britain's Rolls-Royce.

SIA said it would keep three of its 11 Airbus A380s on the tarmac to carry out "precautionary" engine changes, almost a week after a mid-air engine blowout on one of the double-decker planes operated by Qantas.

The incidents have thrown the A380 -- the mammoth aircraft vying with Boeing's 787 Dreamliner in the long-haul sector -- into the safety spotlight three years after it took to the skies.

Both two airlines use Trent 900 engines manufactured by British aerospace engineering firm Rolls-Royce on their A380 fleets.

Allianz says Q3 profits down

German insurance giant Allianz on Wednesday posted third quarter net profits of 1.27 billion euros (1.74 billion dollars), down 8.8 percent from the previous corresponding period.

But the result was better than expected by analysts polled by Dow Jones Newswires who forecast profits of 1.17 billion euros.

Allianz said that it was on course to meet its annual operating profit target of around 7.2 billion euros, while company boss Michael Diekmann added in a statement that "for the first time since 2005, we will probably end the year with sales of more than 100 billion euros."

Operating profit over nine months stood at 6.1 billion euros while sales reached 80.5 billion euros.

For the third quarter operating profit rose 2.3 percent from a year earlier to 2.1 billion euros, better than analyst forecasts of a 0.3 percent drop.

Growth hinges on telecom

Study says mobile users to cross 100 million by 2013

STAR BUSINESS REPORT

The number of mobile subscribers will reach 100 million by 2013 if the government cuts high SIM tax, said a study of a leading research organisation yesterday.

The findings of the report were revealed at a seminar on "Bangladesh Telecoms Sector: Challenges and Opportunities" at the Dhaka Sheraton. It was coorganised by Asian Tiger Capital Partners and the Association of Mobile Telecom Operators of Bangladesh (AMTOB).

Mobile penetration, which has seen an unanticipated growth in the country during the last one decade, can remain strong with enough regulatory support and intense competition within the sector, the report said.

However, uncertainties and lack of clarity regarding the renewal of licences and issuance of 3G networks as well as high tax remain potential constraints, said the study conducted by Asian Tiger Capital Partners.

"From only four million subscribers in 2004, the telecom industry has witnessed a considerable growth to reach 65 million by September 2010," said Ifty Islam, managing partner of AT Capital.

"This growth has had a transformative impact on the economy in terms of aggregate investment, FDI and productivity levels apart from benefits from greater connectivity and poverty alleviation," he said in a presentation.

Highlighting the country's relatively low mobile penetration rate, he underlined the need for flexible and supportive regulatory environment and framework to further tap the potentials of the sector.

"For instance, there is a lack of clarity about the renewal process or cost of the licences of four telecom operators which will expire in 2011 and at the same time the process and timing of 3G licensing," Islam said.

"This needs to be resolved quickly if future investment plans by the telecommunication companies are not to be delayed."

Identifying the Tk 800 SIM tax as an impending factor for growth, the report said the sector already suffers from one of the highest tax rates in the world.

Chief Executive Officer of Grameenphone Oddvar Hesjedal said: "Despite the country's growing penetration rate, the basic voice services are likely to remain the



From left, Fahim Mashroor, senior vice president of Bangladesh Association of Software and Information Services; Wonder Wang, Huawei chief executive officer (CEO); Per-Henrik Nielsen, Ericsson CEO; Abu Saeed Khan, secretary general of Association of Mobile Telecom Operators of Bangladesh (AMTOB); Anir Choudhury, policy adviser to the Access to Information programme of PMO, and Ifty Islam, managing partner of AT Capital, are seen at a seminar on "Bangladesh Telecoms Sector: Challenges and Opportunities" at Dhaka Sheraton Hotel yesterday, organised by AT Capital and AMTOB.

main usage base in Bangladesh in the years to come."

"This would be an important aspect of Bangladeshi telecom market as we are looking forward to transform our services from 2G to 3G technology."

Hesjedal also envisioned that the mobile penetration rate can even double to 120 million subscribers by 2016.

CEO of Banglalink Ahmed Abou Doma called for setting up a common 3G network for all mobile operators to ensure a faster rollout.

"A common 3G network will increase the cost efficiency of all operators, guaranteeing a rapid rollout," he said.

The Banglalink chief executive also observed a declining growth trend in the mobile subscriber base in the recent times and urged more flexible regulatory regime to ensure faster growth.

Sunil Kanti Basu, post and telecommunications secretary, said: "As security will remain a top issue while assuring people's access to mobile phones, the government will obviously keep in mind the need for making it available to a greater segment of the young population."

Not specifying any timeline for issuing the guidelines for 3G licences, Basu said: "To facilitate the operators, we want to make sure through the regulator that 3G is not issued before the renewal of the operators' licences."

Speakers at the seminar also called for increasing the internet access through mobile phones, and emphasised greater rural penetration.

Abu Saeed Khan, secretary general of AMTOB, said it is the mobile industry that has connected the entire nation.

The telecom industry has now reached a stage where there are the giant operators and network service providers and the country does not have to look beyond the boundaries for capital and expertise, Khan said.

"Digital Bangladesh has captured the core of national development. The government is trying its level best, but its objectives have not yet been fulfilled," he said.

Md Mujibur Rahman, managing director of state-run Teletalk, said a huge rural population are still largely deprived of owning a mobile phone connection and this is an area where the operators should focus on.

"To make our services more accessible and user-friendly, we should also work to develop contents in Bangla," said Bidyut Kumar Basu, chief marketing officer of Robi.

The AT Capital report also focused on declining Average Revenue Per User (ARPU) within the telecom industry, as the next phase of growth is likely to focus on the rural subscribers.

"These rural subscribers are

more price sensitive, they have a greater propensity to hold multiple SIMs and engage in carrier switching for the best rates to ensure marginal spending," the report said.

The research also predicted a number of consolidations in the telecom market in the near future and forecast an increasing competition from the newer operators.

"We believe that at least one merger is likely in the next 12 to 18 months, namely Bharti Airtel and Citycell. Aggregating spectrum is perhaps the key attraction for Bharti to consider such a merger," it said.

"It also seems likely that the market share of the current top 3 players -- GP, Banglalink and Robi -- will come under pressure from Warid/Bharti's likely aggressive push for market share in 2011."

The report also emphasised convergence and finding new areas for diversifying revenues, such as the value added services and data services as potential areas of growth for the sector.

The study pointed at the opportunities to form public-private partnership in the areas of e-education, e-health and e-governance.

Anir Choudhury, policy adviser of A2I of the Prime Minister's Office, Per-Henrik Nielsen, CEO of Ericsson, Wonder Wang, chief executive of Huawei, and Fahim Mashroor, senior vice president of BASIS, also spoke.

Obama calls on G20 leaders to do their part

REUTERS, Seoul

US President Barack Obama sought to swing the G20 spotlight back onto global imbalances and take his own country's policies out of the glare as world leaders gathered in Seoul on Wednesday.

An early G20 draft statement cited by Dow Jones Newswires echoed an earlier finance ministers' pledge to move toward more market-determined currency rates and appeared to offer no new proposals on how to ease tensions between struggling rich nations and new economic powers such as China or Brazil.

Obama, facing widespread criticism of US easy-money policy as he arrived for the two-day Group of 20 leaders summit, said a strong US economy was vital to the global recovery and urged his G20 counterparts to put aside their differences and do their part to bolster growth.

"When all nations do their part -- emerging no less than advanced, surplus no less than deficit -- we all benefit from higher growth," Obama said in a letter sent to G20 leaders on Tuesday. A copy was obtained by Reuters on Wednesday.

The bridge building came after a day of heated arguments as negotiators struggled to hammer out a closing statement that all G20 leaders could sign. Deep divisions have emerged over economic policy, particularly the US Federal Reserve's decision last week to spend another \$600 billion buying government bonds.

Critics charge the Fed's policy weakens the dollar to the detriment of other nations, but Obama said the dollar's strength ultimately rests on the strength of the US economy.



Seated from left, Nobel laureate Muhammad Yunus, Danone Co-Chief Operating Officer Emmanuel Faber, BASF Chairman Juergen Hambrecht and Adidas Chief Executive Herbert Hainer listen to a speech by Grameen Creative Lab Director Saskia Bruysten at the Global Social Business Summit in Germany recently.

Indian film director joins Yunus cause

STAR BUSINESS REPORT

Indian film director Shekhar Kapur has signed a memorandum of understanding with Grameen Creative Lab to create a social business fund for ensuring safe drinking water in India.

The director of Oscar winning films 'Elizabeth' and 'Elizabeth: The Golden Age' will also spread the message of social business, championed by Nobel laureate Muhammad Yunus, across the world.

The agreement was signed on the sidelines of the second Global Social Business Summit in Germany recently.

At the summit, Brazilian author Paulo Coelho accepted the title of 'Social Business Ambassador'. Australian Hollywood actor Hugh Jackman has also confirmed that he is accepting the same honour, according to Yunus Centre in Dhaka.

Social business, according to Prof Yunus, is a cause-driven business, which allows the investors or owners to gradually

recoup the money invested but not to take any dividend.

The purpose of the investment is to achieve one or more social objectives through the operation of any company. It does not allow the investors to gain personally out of the venture.

The Grameen Creative Lab, a joint venture between Prof Yunus and serial entrepreneur Hans Reitz, hosted the two-day annual summit.

Grameen Creative Lab works to raise awareness about social business. Prof Yunus, Danone Group Co-chief Executive Officer Emmanuel Faber, Adidas CEO Herbert Hainer, chemical giant BASF CEO Dr Humbrecht and Otto Group Chairman Michael Otto were among the 300 participants at the event.

Author Coelho, Bollywood director Kapur and Grand Duchess Maria-Teresa of Luxembourg also attended the global event, apart from delegations from several governments, including ministers, governors, and mayors.

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