

International Business News

Rolls-Royce wins \$1.8b Air China order

AFP, London
 Britain's Rolls-Royce said Monday it had won a contract worth 1.8 billion dollars at list prices to supply engines to Air China for 20 Airbus long-haul aircraft.
 Rolls-Royce said it would supply Trent XWB engines to power 10 of the new Airbus A350XWB aircraft and Trent 700 engines for 10 A330 jets which Air China recently ordered.
 The company, one of whose Trent 900 engines failed on a Qantas Airbus A380 superjumbo earlier this month, forcing it to make an emergency landing, said in a statement that the "Chinese market is fast growing with a clear need for additional aircraft capacity."
 "Rolls-Royce is well established in China, where it now enjoys a 56 percent share for large civil aero engines," it said.
 He Li, Air China senior vice president, said in the statement that his company looked forward to "bringing the Trent XWB into service with our airline to provide us with fuel-efficient power for the A350 XWB and adding to our Trent 700-powered fleet."
 "We have now selected this engine on four separate occasions. Our Trent-powered fleet now stands at 78 aircraft either in service or on order," he added.



A woman puts on special glasses as Japanese electronics venture Hibino and Victor Company Japan (JVC) unveil a 280-inch sized 3D LED display, Chroma LED 3D, measuring 6.1m x 3.5m, in Tokyo yesterday. The large 3D display, using JVC technology for 2D to 3D conversion, was developed for digital signage and public viewing.

Opel heads for loss of 1.4b euros this year

AFP, Frankfurt
 Opel, the European unit of US auto group General Motors, expects to report a loss of 1.4 billion euros this year, Opel head Nick Reilly said in a magazine interview on Monday.
 Reilly told the weekly publication Wirtschaftswoche that restructuring charges were weighing heavily on the results.
 "In total (for 2010) we are looking at a loss of about 2.0 billion dollars or 1.4 billion euros," he said.
 Opel has already reported a net loss of 1.2 billion euros in the first nine months of the year. It hopes to make a profit from 2012.
 A few months ago, GM began a deep restructuring of the Opel brand involving the shedding of 8,000 jobs in Europe out of a workforce of 46,000, of whom half are based in Germany.
 The measures will cost the company 1.0 billion euros this year and 500 million euros next year, Reilly said.
 Opel, which operates under the Vauxhall brand in Britain, has been in difficulties for years and its market share has fallen.
 This contrasts with the state of the parent company which returned to the stock market last week only 18 months after bankruptcy and expects to be profitable for the whole of this year, the first such annual result since 1994.

Melamine-tainted drinks emerge again in China

AFP, Beijing
 Authorities in central China are searching for a batch of dairy products containing high levels of melamine, the chemical that killed six babies and sickened 300,000 others in 2008, state media said Monday.
 The government in Hubei province's Xiangfan city has asked all local businesses to look for 50 packages of a corn-flavoured dairy drink, the official China Daily newspaper reported.
 Tests showed the melamine levels in the drinks were high, suggesting that the chemical -- which is normally used in making plastics -- was deliberately added during the production process, the report said.
 It was not clear how many individual drinks were in one package.
 The report said the company that made the drinks being sought in Hubei had bought milk powder as a raw material from a supplier in another province without knowing it was tainted with melamine.

Nissan to move production to cut currency risk

AFP, Paris
 Japanese auto giant Nissan wants to move production and support functions to dollar-linked economies, including the United States and China, to avoid currency volatility, the Financial Times reported on Monday.
 Nissan chief executive Carlos Ghosn, who also heads France's Renault, said the company wanted to correct a "big imbalance" in its costs and revenues due to making cars in Japan that are then sold in the United States and dollar-linked economies in Asia.
 "What we (want) to do is shift more of our cost from a yen base to a dollar base," Ghosn told the newspaper, adding that while this would not mean closing down facilities in Japan, the company could not expand there.
 Ghosn's remarks come amid fears that tensions over global trade imbalances could degenerate into a series of beggar-thy-neighbour devaluations as countries seek to gain a trade advantage from a cheaper currency.

INTERVIEW

Telenor seeks banking niche

SARWAR A CHOWDHURY, back from Hong Kong

Telenor Group, the majority stakeholder in Grameenphone, is keen to engage in financial services, especially in remote areas, where most financial institutions have no outlets.
 But first, they need the local banking regulator's permission to be able to provide such services, and this is where the world's sixth largest telecom group faces obstacles.
 The central bank has recently said that no institutions other than a financial one will be allowed to provide financial services.
 "We feel we are being looked at as a competitor to banks. We don't want to be a competitor to the banks, and we don't want to compete with the banks where they are," said Sigve Brekke, executive vice president of Telenor Group, on the sidelines of the GSMA Mobile Asia Congress held in Hong Kong last week.
 "There is no need for us to provide financial services in Dhaka, for example, because the banks and their branches are there. We want to provide financial services where there are no bank branches, no bank outlets, and where it is almost impossible to be a customer of a bank."
 Telenor will be happy to do so in cooperation with banks and to be sort of their extended distribution network, said Brekke, also chairman of Grameenphone, the country's largest mobile operator.
 "Allow us to do bill payments, to do money transfers, to do saving services, and to be the banks' extended network."
 "We just want a banking regulation that will allow us that. My message to the banks and to the banks' regulator is not to look at us as a competitor, but as a helping hand to take banking services to remote areas, where people don't have access to banking services," he added.
 Money transfers are made in cash in Bangladesh and through the postal system or middleman, which is not efficient, in the neighbouring country. "But we can do this more efficiently and in a secured way," said the chairman.
 If the regulator allows Telenor to join the financial sector, "we would like to move into saving solutions in future. We think people in remote areas would like to have saving solu-

tions, not only savings in cash," Brekke said.
 "We can make the money system more transparent and efficient in remote areas. This will not be a big business for us, as no great margins will come for these support services. We see this as additional services," he added.
 On SIM taxes, Brekke said, although the customers are supposed to bear the Tk 800 taxes on new connections, the operators pay to the government.
 Not only Grameenphone, every operator in Bangladesh pays the SIM taxes on behalf of the customers, as they think they will not be able to net more customers otherwise.
 "What the government is doing with the SIM tax is actually putting it on the customers, cutting short growth in the industry," Brekke said.
 "If Grameenphone, and also our competitors, are to penetrate the market, we will try to bring more customers. But the customers elsewhere may not pay the costs like the customers in Dhaka or Chittagong."
 "Revenues coming from these customers are lower than the revenues coming from the customers in the city. This means we need to have a better-cost base."
 "The government and the regulator should make sure that they are passing benefits to Bangladeshi consumers."
 Brekke advised the regulator to look after the customers. "We will not be able to continue rural growth if we are taxed too much."
 "In Bangladesh, I see that penetration is still relatively low. A big portion of the population still does not have a mobile phone. I can see continuous growth in the years to come."
 The Telenor executive is however satisfied with the current environment in Bangladesh. "We see a bright future for mobile business in Bangladesh. A lot of Bangladeshis don't have a mobile, which we want to provide. We need fair growth and better regulations, which also needs to be business friendly."
 On the entry of India's Airtel in Bangladesh, he said, any competition is good for customers. "We already have plans to compete with newcomers like Airtel. We are prepared for it."



The picture taken on September 3 shows Sigve Brekke, executive vice president of Telenor Group, during a press conference at Sonargaon Hotel in Dhaka. Telenor seeks to take financial services to remote areas.

DEBT CRISIS

Ireland caves in and takes bailout

AFP, Dublin

Ireland was Monday hammering out the conditions of an EU bailout package worth up to 90 billion euros, sending the single currency soaring but sparking fierce criticism at home of the already beleaguered government.
 After a week insisting it did not require help, Ireland caved in on Sunday and Prime Minister Brian Cowen confirmed the European Union had agreed to his request for substantial help from the bloc's emergency warchest.
 The news had an immediate effect in calming fears about the single European currency, with the euro surging above 1.37 dollars on the foreign exchange market.
 But anger mounted in Ireland where furious protesters gathered outside government buildings in Dublin late Sunday and the country's newspapers described it as "a nation's outrage".
 The Irish cabinet's request for aid was approved by EU finance ministers during an emergency conference call late Sunday as officials moved to quell fears that the debt-laden nation could spread contagion to weak euro economies.
 Finance Minister Brian Lenihan said Ireland was left with no choice but to accept external help because it faced a "very difficult market position" and "an extraordinarily difficult banking crisis" which had "deepened our difficulties immeasurably".
 He said one of the key conditions of the deal was that "structural change" was required to Ireland's banking system, but claimed it would be "an intensification of the type of measures (we) have already adopted."
 Lenihan said it would take "several weeks" to finalise the exact amount of the bailout and added: "We have not determined a precise figure."
 Diplomatic sources in Brussels put the figure for the bailout at between 80 to 90 billion euros (110 to 123 billion dollars).
 Cowen said the bailout "will address the budgetary challenges of the Irish economy in a decisive manner on the basis of the ambitious budgetary adjustment and comprehensive structural reforms" contained in a four-year budget plan.
 "Given the underlying strengths of the Irish economy, decisive implementation of the programme should allow a return



Commuters wait at a bus stop in the early morning light in Dublin, Ireland, yesterday. Anger mounted in Ireland after Prime Minister Brian Cowen confirmed the European Union had agreed to his request for a multi-billion-euro bailout.

to a robust and sustainable growth, safeguarding the economic and social position of the people of Ireland," he said late on Sunday.
 Cowen also claimed that calls from other eurozone countries to raise Ireland's controversial 12.5 percent corporation tax had "not arisen" in negotiations.
 Eurozone and EU finance ministers have agreed in principle to use a 750-billion-euro fund, the European Financial Stability Facility, which was set up in May after a 110-billion-euro EU-IMF bailout of Greece.
 Britain, which is not part of the 16-country eurozone, said it was considering a

separate loan to Ireland of about seven billion pounds (11.2 billion dollars) as part of a rescue.
 Anger spilled onto the streets of Dublin following the announcement of the bailout and one protester was injured after accidentally being struck by a ministerial car.
 The Irish press said Ireland had been humiliated by performing a U-turn and taking a bailout.
 The Irish Independent said the public was "roundly furious at the manner in which the government has 'lied' about the unprecedented events of last week."
 In the past three years, Ireland's public finances have been ravaged by costly bank-

ing sector rescues, a property market meltdown and the global recession.
 Michael Noonan, finance spokesman for the main opposition Fine Gael party, said there would be targets set down by the IMF and by Europe that the government will have to meet.
 "So on the fiscal area (the government has) lost an enormous amount of control," he told RTE.
 The project is a road-map to get Ireland's deficit down below the eurozone target of three percent of gross domestic product, and will involve a front-loading of six billion euros in public spending cuts and tax increases in a December 7 budget.