International Business News

Rolls-Royce wins Emirates engine maintenance deal

AFP, *London*

Rolls-Royce on Wednesday said it had won a contract worth 1.2 billion dollars to maintain engines on 50 Emirates aircraft over a long period of time.

Rolls-Royce, one of whose Trent 900 engines failed on a Qantas Airbus A380 superjumbo earlier this month, forcing it to make an emergency landing, said the 900-million-euro deal would be for existing Emirates wide-bodied planes.

The British group added that it would provide TotalCare long-term services support for Trent 700 engines powering 29 Airbus A330 aircraft and Trent 800 engines powering 21 Boeing 777 aircraft.

"These agreements will extend the business relationship and strengthen the partnership between the two companies," said Emirates chief executive Sheikh Ahmed bin Saeed Al-Maktoum.

"This will also provide a better platform for effective management of engine life cycle costs and enhanced engine reliability," he added in a joint statement with Rolls-Royce.

Google's Android in top spot for east Asia

REUTERS, *Helsinki*

Google's Android overtook Nokia's Symbian in the third quarter as the most popular smartphone software in eastern Asia, research firm GfK said on Tuesday.

A growing popularity for Android-operated phones -- made by companies including Asian vendors HTC Corp and Samsung Electronics -- comes as handsets look set to overtake computers as the most used for browsing the Web.

Android software, offered free to cellphone vendors, has undergone strong growth since coming to market two years ago.

Globally Android usage ranked second in the quarter, beating Apple's iPhone and Research In Motion, but still trailing Symbian.

GfK's survey includes Hong Kong, Macau, South Korea, Taiwan, Indonesia, Cambodia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

Ben Wood, head of research at British consultancy CCS Insight, said Google's success in Asia was not limited to the region covered by the study.

AFP

Exhibitors display poultry feeding equipment during the Poultry India 2010 Expo in Hyderabad yesterday. The Indian poultry industry, emerging as the world's second largest market, is growing some 12 to 15 percent a year.

Russia may sell control in major state companies

AFP, *Moscow*

Russia may sell controlling stakes in several top state companies in three years, cutting its participation to 25 percent, Finance Minister Alexei Kudrin said Wednesday.

The Russian government has recently announced a new privatisation drive that could see stakes in some of the country's top state-controlled companies sold off for as much as 58 billion dollars in all.

The plan lists privatisation through the next three years and includes selling stakes of up to 50 percent in some of the country's largest state companies, including Rosneft, the Rushydro power generator, the Sberbank and VTB banks, and Russian Railways.

After the first three-year stage, "it's possible that we will decrease most of the stakes to 25 percent plus one share," RIA Novosti quoted Kudrin as saying at a forum in Moscow.

"Depending on how we manage through these three years, we'll go further," Kudrin said. "We want to make money from selling control" in these companies.

Until then, the state will retain stakes of 50 percent plus one share in its most important assets, said Kudrin.

South Korea's Hana to buy KEB for $4.1b

AFP, *Seoul*

South Korea's Hana Financial Group said Wednesday it would take over industry peer Korea Exchange Bank in a deal worth more than four billion dollars.

Hana, the country's fourth largest banking group, will pay Lone Star Funds of the United States around 4.7 trillion won (4.1 billion dollars) for a 51 percent stake in KEB, it said in a regulatory filing.

The announcement finally brings the curtain down on Lone Star's troubled attempts to sell the stake it bought for 1.3 billion dollars seven years ago.

Following the Hana board's approval Wednesday, group chairman Kim Seung-Yu will officially sign the deal with Lone Star Funds chairman John Grayken in London Thursday, the group's spokesman told AFP.

"We will probably file for regulators' approval for the deal Thursday," he said.

The spokesman declined to comment on how the group would finance one of South Korea's largest banking takeovers. Citing Kim, Yonhap news agency reported the group is now seeking investors to help finance the purchase.

STAR

Sir Fazle Hasan Abed, chairperson of Brac, speaks at a dialogue on the least developed countries, in Dhaka yesterday.

LDCs
An overview

SINCE 1971, the United Nations has recognised the least developed countries as the "poorest and weakest segment" of the international community. Extreme poverty, the structural weaknesses of their economies and the lack of capacities related to growth, often compounded by structural handicaps, hamper the efforts of these countries to improve the quality of life of people. The countries are also characterised by their acute susceptibility to external economic shocks, communicable diseases, and natural and man-made disasters.

CRITERIA FOR INCLUSION

A low-income criterion, based on a three-year average estimate of the GNI per capita ($905 for inclusion; $1,086 for graduation)

A human capital status criterion, involving a composite human assets index (HAI) based on the indicators of:

a) NUTRITION: percentage of population undernourished
b) HEALTH: mortality rate for children aged five years or under
c) EDUCATION: the gross secondary school enrolment ratio

d) ADULT LITERACY RATE

An economic vulnerability criterion, involving a composite economic vulnerability index (EVI) based on the indicators of:

a) population size
b) remoteness
c) merchandise export concentration
d) share of agriculture, forestry and fisheries in GDP
e) homelessness owing to natural disasters
f) instability of agricultural production
g) instability of exports of goods and services

CRITERIA FOR GRADUATION

To become eligible for graduation, a country must reach threshold levels for graduation for at least two of the aforementioned three criteria, or its GNI per capita must exceed at least twice the threshold level, and the likelihood that the level of GNI per capital is sustainable must be deemed high.

A triennial review is conducted for revising the list.

LDC GROUP: FACTS AND FIGURES

Distribution by region: African countries: 33; Asia and the Pacific: 15; Latin America and the Caribbean:1

Geographical feature: 16 landlocked; 12 small islands

Total population in 2008: 815.16 million

Population growth (2005-2010): 2.37 percent per annum

Projected population in 2015: 965.2 million

Over 72 percent of the population lives in rural areas and depends for subsistence and income on agriculture

ECONOMIC GROWTH

LDCs' GDP was $550 billion in 2008, which was less than 1.0 percent of the world GDP and 1.3percent of that of the OECD countries. In 2000, the comparable figures were 0.6 percent and 0.7 percent respectively

Current estimates for 2009 show a growth rate of just 4 percent

Annual GDP growth rate came down from a record 8.4 percent in 2007 to 7.0 percent in 2008

11 of the LDCs exceeded the 7.0 per cent growth target of the BPoA

Per capita GDP of LDCs was USD 670 in 2008 which was less than 30 per cent of that of the lower middle-income countries (USD 2,235), and differences in income between these countries have gradually increased in the 200s

Strategy a must for status upgrade

STAR BUSINESS DESK

The following is an abridged version of a speech by Debapriya Bhattacharya, distinguished fellow of Centre for Policy Dialogue (CPD), given at an international dialogue on 'Exploring a New Global Partnership for the LDCs in the context of the UN LDC IV' in Dhaka yesterday. It was organised by CPD and OECD Development Centre, Paris, in partnership with United Nations Development Programme, Commonwealth Secretariat, and International Centre for Trade and Sustainable Development.

DISTRIBUTION OF UN LDCs AS PER WORLD BANK INCOME CATEGORY (2009)

Low income countries		Lower-middle income countries	Upper-middle income countries	High-income countries
GNI per capita $995 or less		GNI per capita $996-$3,945	GNI per capita $3,946-$12,195	GNI per capita $12,196 or more
1. Afghanistan	18. Lao PDR	1. Angola	--	1. Equatorial Guinea
2. Bangladesh	19. Madagascar	2. Bhutan		
3. Benin	20. Malawi	3. Djibouti		
4. Burkina Faso	21. Mali	4. Lesotho		
5. Burundi	22. Mauritania	5. Maldives		
6. Cambodia	23. Mozambique	6. Kiribati		
7. Chad	24. Myanmar	7. Sao Tome and Principe		
8. Comoros	25. Nepal	8. Sudan		
9. Central African Republic	26. Niger	9. Samoa		
10. Congo	27. Rwanda	10. Senegal		
11. Eritrea	28. Sierra Leone	11. Timor-Leste		
12. Ethiopia	29. Somalia	12. Tuvalu		
13. Gambia	30. Solomon Islands	13. Yemen		
14. Guinea	31. Togo	14. Vanuatu		
15. Guinea-Bissau	32. Uganda			
16. Haiti	33. United Republic of Tanzania			
17. Liberia	34. Zambia			

Starting with 25 countries in 1971, the current least developed country (LDC) list comprises 49 countries. Bangladesh joined the LDC category in 1975. It has remained an LDC for more than three decades, despite relatively improved performances in the recent times. The GDP growth rate was 3.3 percent in fiscal 1991, 6.4 in fiscal 2007 and 6 in fiscal 2010.

Discussion on Bangladesh becoming a middle-income country in the near future has gathered momentum. The recent national elections have also given new political impetus to the matter. But a viable 'graduation strategy' needs to be worked out and UNLDC IV offers an opportunity to present the development experience and a roadmap to graduation from LDC.

Bangladesh has demonstrated considerable structural progress under the economic vulnerability criterion and partly under human capital. The improvement toward graduation thresholds under the income is relatively less until recently, thanks to a stable exchange rate.

It has already met one economic vulnerability index criteria towards graduation and needs to attain one of the other two.

This reflects a dual socio-economic reality of potential prosperity and lasting poverty.

The year 2027 is the earliest by which Bangladesh can meet graduation threshold based on GNI per capita -- either by accelerating national income growth (as projected in the Awami League manifesto) or by sustaining the recent growth momentum and reducing the population growth rate.

Bangladesh can expect to graduate by 2030. There is scope for substantial improvement of indicators, like undernourished share of the population, mortality rate, gross secondary school enrolment and literacy rate, which will bring the graduation date closer.

As the first policy option for accelerated graduation, the government could ask the United Nations to take the country out of the list of LDCs, despite non-qualification for graduation.

As second options, growth should be human development centric; investments have to made in Human Asset Index; the ambitious growth rate, as targeted, has to be met; the EVI cannot be allowed to deteriorate; the population growth rate would have to be reduced, which would cut the run-up by at least three years. If these conditions are met, Bangladesh will have a fighting chance to meet the LDC graduation criteria by the 50th anniversary of independence in 2021.

As a third option, the national income account could be revised. It will possibly take place within the next couple of years. On earlier occasions, such revisions have let national income per capita increase by 32 percent in 1985-86 and 25 percent in 1996-97. Under such a repeat possibility, the country will meet the low middle-income country criteria by 2018 and LDC income criteria by 2021.

Use of English stirs fear of job loss for Japanese

AFP, *Tokyo*

In the cafeteria at the headquarters of Japan's top online retailer Rakuten, employees with furrowed brows can often be seen trying to comprehend the company's strictly English language menus.

The online giant is swapping Japanese for English as its official language company-wide in preparation for an overseas expansion, a move "crucial for us to survive in this competitive industry," said spokesman Hirotoshi Kato.

It is not the only Japanese firm to eschew its native tongue as it searches for overseas growth beyond a moribund, shrinking domestic market.

As the population shrinks and a stronger yen boosts companies' power for overseas acquisitions, the need for better international communication is growing in Japan as firms pin their survival on emerging markets.

Fast Retailing, which operates the cheap-chic Uniqlo brand, also plans to evolve into a more global company, looking to increase its overseas sales ratio to more than 50 percent in five years from about 10 percent now.

"The Japanese market is shrinking while overseas markets are expanding," said Hideki Yoshihara, professor of business management at Nanzan University.

The increasing use of English as a communication tool is "a natural consequence" as the number of non-Japanese coworkers grows, he said.

But at home such moves have ignited a backlash amid fears for Japanese jobs and criticism that a drive to relegate the native language will be more of a disadvantage than advantage against overseas rivals more at home with English.

"You have to have a clear goal of why you need to speak English" said Chikako Tsuruta, professor of interpretation studies at Tokyo University of Foreign Studies.

AFP

Japanese electronics maker Sony employee Yuko Minami (back C) chats to colleagues at their office at the Sony headquarters building in Tokyo.

"Speaking in your mother tongue is essential to convey information correctly and swiftly, and that's crucial for doing business," said Tsuruta.

Debate was rekindled after a report last month that electronics maker Sharp will adopt English as its official language in its research and development division in Japan.

Meanwhile, electronics giant Panasonic says about 80 percent of its global new recruits for white-collar positions will be foreigners in the financial year starting next April.

A recent survey by the Mainichi Shimbun daily said 57 percent of Japanese are against the use of English as an official language in companies, compared with 43 percent who support the idea.

"There is no more absurd thing than speaking English in business in Japan," Honda Motor president Takanobu Ito said recently.

But with the strong yen already prompting many firms to shift production into countries with relatively weaker currencies, there are fears Japanese companies may even move their headquarters abroad.

Such moves would exacerbate an already stagnant employment picture. The ratio of new college graduates who immediately found a job hit a record low of 57.6 percent this year, the labour ministry said on Tuesday.