

International Business News

Asean chief warns 2015 single market goal in peril

AFP, Kuala Lumpur

Asean chief Surin Pitsuwan Tuesday urged member states to step up intra-regional trade, saying it was "difficult" otherwise to see the bloc reaching its goal of economic integration by 2015.

The 10-member Association of Southeast Asian Nations (Asean) has set 2015 as the target for creating a single regional economic market known as the Asean Economic Community.

Speaking at a one-day Asean finance ministers' meeting in the Malaysian capital, Surin said trading among member states presently accounted for only 25 percent of their total trade. Asean comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

"Unless and until Asean business communities make that fateful decision to cross borders into each other, it is difficult for me to see we will have an economic community by the year 2015," he told the meeting.

"We need to increase our investments in each others' economies, so it becomes sustainable and competitive," said the Asean secretary-general. "Here is the market, let's make it work."



Jobless men sit along the pavement of a pedestrian walkway in central Tokyo yesterday. Japan's unemployment rate rose to 5.1 percent in October, edging up 0.1 percentage points from the previous month.

Spanish debt risk premium hits record high

AFP, Madrid

Investors fled Spain's bonds Monday and pushed its risk premium to a record high as Ireland's 85-billion-euro rescue failed to vanquish fears of a spreading eurozone debt crisis.

Concern swept the debt markets that despite the lifeline thrown to Ireland, the crisis might yet engulf Portugal and then Spain, an economy twice the size of Ireland, Portugal and Greece combined.

In the climate of fear, traders demanded increasingly high yields before taking a bet on Spanish debt.

Spanish 10-year bond yields peaked in mid-afternoon trade at just under 5.46 percent, the highest since 2002, pushing the spread with safe-bet German bonds back towards record levels around 2.70 percent.

Investors paid little heed to Spain's argument that it is no need of a rescue with accumulated public debt equal to 53.2 percent of annual output last year, well below the EU average of 74.7 percent.

Malaysia announces new investments, energy incentives

AFP, Kuala Lumpur

Malaysian premier Najib Razak Tuesday announced 8.2 billion ringgit (2.59 billion dollars) worth of investments in the country and incentives to open up marginal oil and gas fields.

Najib announced the latest in a slew of investments which are part of the government's Economic Transformation Programme (ETP), aimed at creating 3.3 million jobs and pushing the country towards developed-nation status by 2020.

"These developments, new projects and foreign investment clearly demonstrate that our programme to transform Malaysia's economy is working," Najib said.

"The bright future for the country that we have promised is far from a pipe dream."

He said the investments would include 3.0 billion ringgit over the next two years to create the Tanjong Agas oil and gas logistics industrial park in the central state of Pahang -- intended to be a regional oil and gas hub.

Japan Airlines rehabilitation plan approved by court

AFP, Tokyo

Struggling Japan Airlines (JAL) on Tuesday said it had won approval from the Tokyo district court for a rehabilitation plan that will see thousands of job cuts, route closures and a debt waiver.

"The court today formally approved the restructuring plan," said Hideo Seto, president of the Enterprise Turn-around Initiative Corp (ETIC), which is charged with leading the restructuring process.

"With the approval of the plan, we have built the foundation to create a new Japan Airlines," he told a press conference.

In January the flagship carrier went under owing 26 billion dollars in one of Japan's biggest-ever corporate failures, but has continued flying while it goes through a painful state-led restructuring process.

INTERVIEW

Profit from climate concern

Banker urges businesses on the eve of HSBC-Daily Star Climate Awards

SAJJADUR RAHMAN and PINAKI ROY

Climate change will bring business opportunities in countries like Bangladesh, said Teresa Au, HSBC's head of corporate sustainability for the Asia-Pacific region.

But more investment is needed in research and development to make the breakthroughs that will fuel the initial demand, said the banker. For example, climate change generates opportunities in power generation, such as wind farms and solar installations, in the business case is right.

Moves by companies to change their behaviour will create a boom for those involved in climate consultancy services and carbon-credit trading, said the visiting HSBC official who has over 20 years of experience in different roles at the bank.

"Businesses need to be given incentives to be proactive with climate-change issues," she said.

Au, a Hong Kong national, was in Dhaka yesterday, to attend a climate awards ceremony co-hosted by The Daily Star and HSBC.

HSBC has a long-term interest in making sure that its customers engage in environmentally sound activities, she said. She adds that it was the first UK bank to be carbon-neutral -- meaning that the amount of CO2 emitted during its day-to-day activities is offset by another activity that captures CO2 or prevents it from being released.

Scientists expect Bangladesh will be among the nations that struggle most with climate change; particularly if it brings more frequent floods, droughts, cyclones and surges in sea levels.

Au spoke on climate change and its impacts on businesses, related opportunities and economic policies, incentives for environment-friendly businesses, global climate summits and HSBC's plan to promote green businesses.

She explained why the bank got involved in the climate change issue: "Climate change and environmental protection is a global concern. It affects us all -- from our customers and employees to the banking services which we offer."



Teresa Au

Awareness of environmental risks makes the bank concerned about losing business if it does not operate sustainably -- and makes it encourage clients to do likewise, she said: "We feel it essential that we have sustainable commodities [banking services] to run our business. And ultimately, what is bad for a business is bad for its bankers."

She said financial services providers are now addressing what climate change means for their businesses and providing risk-assessment advice for their clients.

The bank advises its customers that if they do not adapt to climate change, they may not survive. HSBC monitors its clients' green business activities by external auditors, Au said.

She said businesses need to introduce energy-efficient processes, which will give

them a cost advantage over their rivals, and also to develop new products and services that tackle climate change.

Incentives can act as a tonic to create awareness on environment degradation, she said. "Incentives to green businesses can also create initial demand," said Au.

She supports incentives because a green business is initially costlier than a normal one. Incentives are often more useful than tough legislation to limit pollution, she added.

She said HSBC is ready to finance businesses that want to be more environment-friendly.

When asked, the top banker said HSBC has nothing to do with the global summit such as Cancun because it is a meeting of different governments.

The HSBC Group launched a five-year,

\$100-million partnership with four international environmental organisations -- The Climate Group, Earthwatch Institute, Smithsonian Tropical Research Institute and Worldwide Fund for Nature -- in May of 2007.

In December of that year it launched the HSBC Climate Partnership China Programme in Beijing, with an investment of more than \$20 million.

The UK-headquartered bank is also eager to help Bangladesh. Sami Hafiz, an official of HSBC, Bangladesh, said the bank has built 400 houses for climate refugees in coastal areas of Bangladesh.

"We are also ready to help Bangladesh if it wants to convert its sea water (saline) into drinking water," he said.

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TECHNOLOGY

Indian tech firms take on Western brands

AFP, New Delhi

Indian technology companies are growing in confidence. New brands are launching thick and fast, determined to take on established Western names with help from cheap Chinese factories.

Many of them have made significant inroads into the rocketing mobile phone market in India, and others already have their eye on bigger prizes in the international tablet computer and PC industry.

The boss of Bangalore-based Notion Ink, Rohan Shravan, is a man in a hurry. The fast-talking 25-year-old co-founded the group three years ago and will start taking orders for his "Adam" tablet computer within weeks.

Shipping of the sleek iPad wannabee to the United States and Europe could begin at the end of the year, with domestic sales starting soon after.

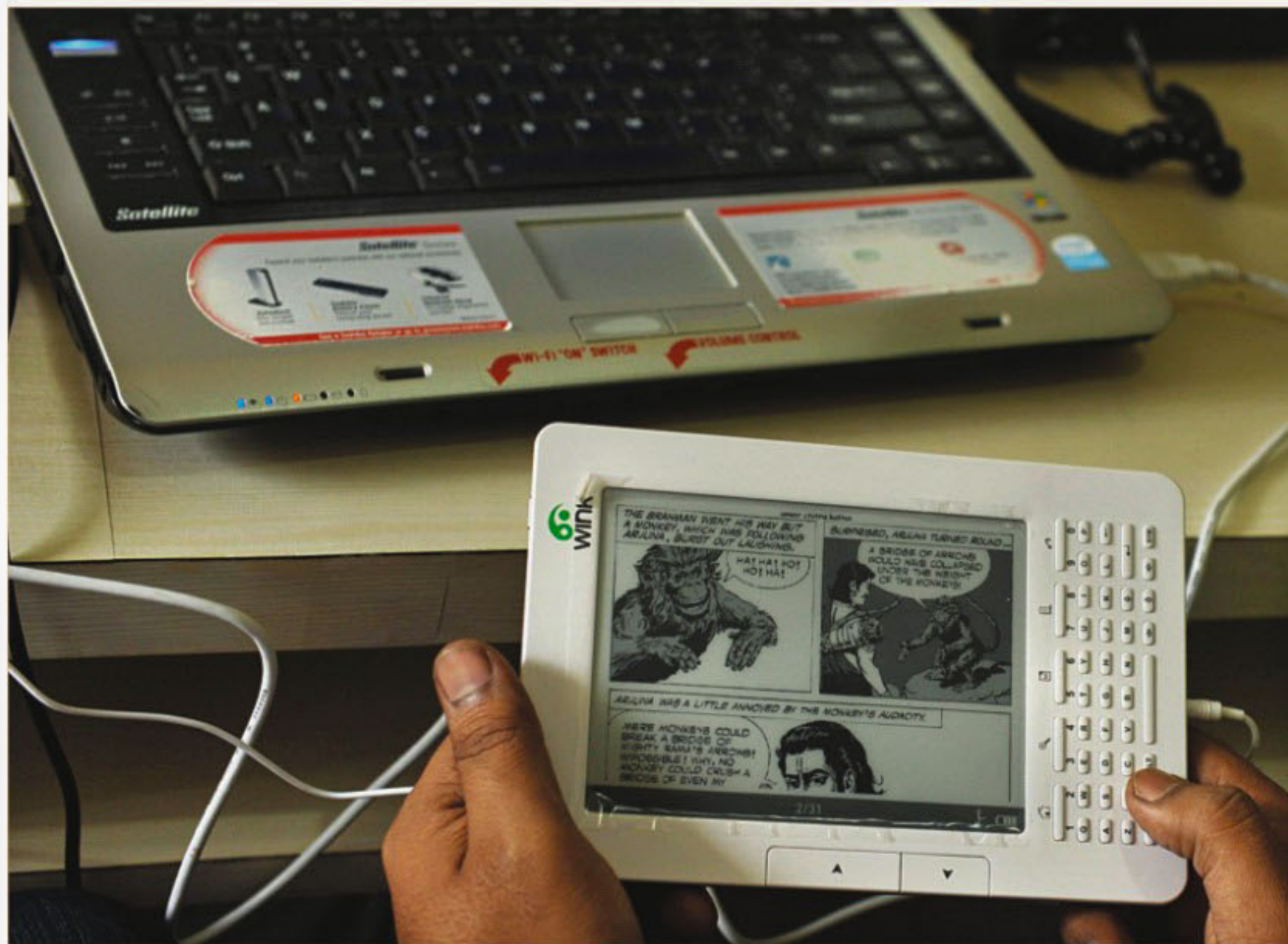
"What we want to do is set a standard in the international market with the Adam," Shravan, a graduate of one of India's prestigious technical universities, told AFP.

"There's going to be exponential growth for us," he said, adding that an updated version of the device was already in development.

Elsewhere, electronics group Olive and online Indian shopping site Infibeam -- which models itself on US-based Amazon, even down to its very similar logo -- have both launched their own tablet computers.

Amazon has other admirers in India and the concept of its top-selling e-reader Kindle, designed specifically for reading books and magazines, has also been copied by another ambitious Bangalore-based company, EC Media.

In August, it launched Wink, which is about 40 dollars cheaper



A man works on his laptop as he uploads e-books and synchronises with the attached Kindle-style tablet called Wink at the EC Media International Private Ltd office in Bangalore.

than the Kindle in India, though it has received mixed reviews.

EC Media has signed up deals with local publishers to supply books in English as well as 15 vernacular languages -- a key part of their sales strategy.

"We thought that even though the market is not there yet, if you are in the market then it has good scope for growth," Pradeep Palazhi, chief operating officer, told AFP at a launch event in New Delhi.

"Wink is designed for the Indian reader. The Kindle is available here, but it's still dependent on the US store," he said.

In the mobile phone sector, competition is fierce and the impact of Indian companies could presage developments in other parts of the electronics

market, where demand is being driven by India's rapidly expanding economy.

Rising incomes, access to credit, and the falling costs of technology mean sales of electronic goods are booming across the country.

In the mobile sector, Indian brands Micromax, Lava, Spice, Karbonn and Zen have mushroomed over the last 12 months, grabbing share from Nokia through aggressive marketing and products adapted for the local market.

In a study published in September, research firm IDC estimated domestic handset makers had grabbed a market share of 33 percent from just 0.9 percent two years ago.

Their road to success, like

everyone else's in the electronics sector, reaches back into China where large-scale, hi-tech and cheap contract manufacturers have been tapped as suppliers.

Though relations between the two Asian superpowers are tricky at a diplomatic level, collaboration between India's skilled software engineers and device designers and China's factories is developing at pace.

"There are vendors in China that can do just about anything you want," said Amit Aggerwal, respected Indian technology writer and chief of the Digital Inspiration blog.

"You give them the price they are asking for and you get a product ready to go to stores."

"If you have an idea, getting it executed is quite easy now, so

that's helping a lot of vendors," he added.

Shravan from Notion Ink said getting his devices manufactured in India made no sense because production capacity is small, meaning prices are high, and factories lack the latest hi-tech equipment.

"China is the one that has invested in nano technology. They have the scale," he told AFP.

He says he would like to see his devices being assembled in India -- mobile phone firms such as Micromax and Nokia already have such facilities -- but manufacturing will not be a possibility for the "next five to ten years".

"It takes a lot for the investment in the infrastructure in electronics," he said.

Consultancy Frost & Sullivan recently carried out a study of the Indian electronics market and concluded that the country had good prospects for manufacturing in several product areas.

Mobile handsets and mobile phone base stations have potential, as well as computer desktops and laptops, memory products and screens for televisions and computer monitors, Frost said.

Ameya Dalvi, editor of consumer electronics website www.techtree.com, says many in the industry expect a tablet PC boom after the success of the Apple iPad, which could present Indian companies with an opportunity.

He says the mobile phone market has shown how Indian brands are capable of challenging international groups in the low-end mass market once demand has been established.

"Indian companies are not pioneers. They'll wait, watch and then jump in at the right time if the market is sizeable," he says.