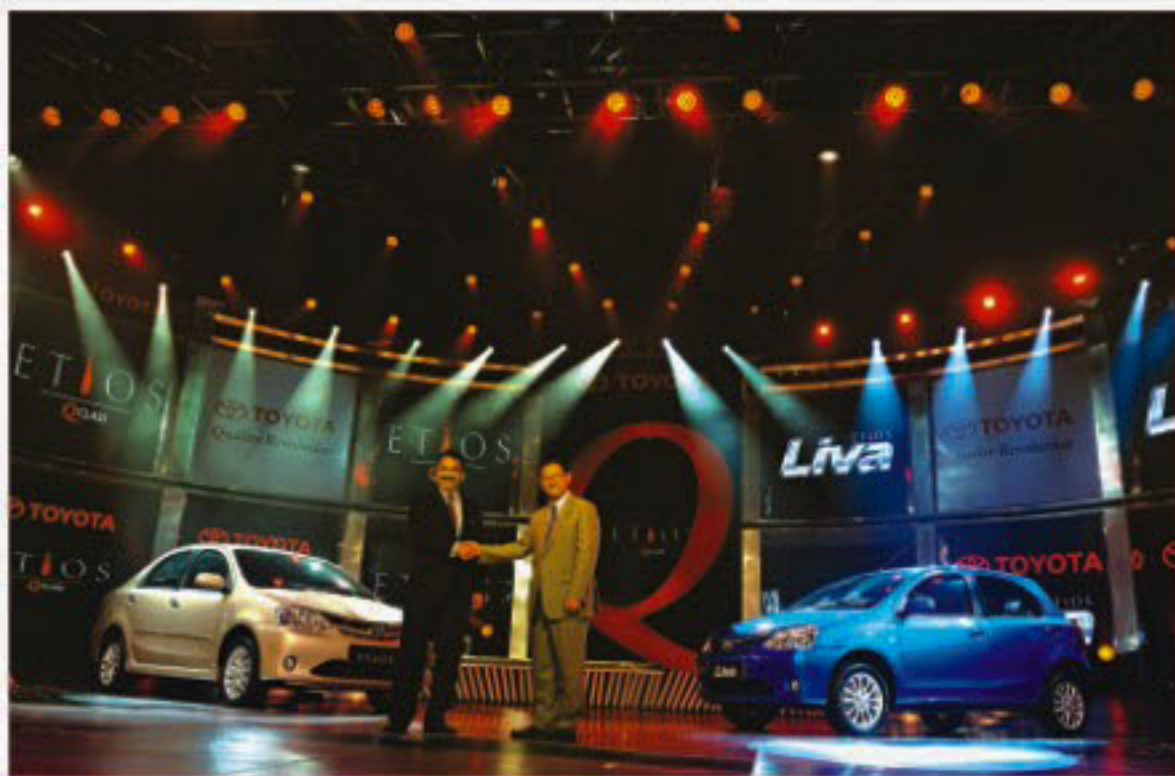


International Business News

Air India welcomes back 'chubby' air hostesses

AFP, New Delhi
 India's embattled state carrier Air India has invited back former flight hostesses it sacked for being overweight as it seeks to overcome a severe shortage of cabin crew, a spokesman said Wednesday.
 The company has approached nine to 10 women who were fired more than a year ago because they did not meet strict weight criteria for staff working in the cabin.
 "About three of them have indicated that they would be willing to come back," the spokesman told AFP, asking not to be named in line with company policy.
 He stressed that the weight limits were still in force -- they are calculated based on height and age -- and that the crew would have to be more svelte if they re-applied for their former jobs.
 "We are not relaxing our standards," he said.
 Sacked overweight women have unsuccessfully challenged Air India's policy in Indian courts, which upheld clauses in the group's employment contracts.
 The crisis-hit airline has faced protests from passengers in recent weeks over severe delays to its flights caused by a shortage of cabin crew, endemic absenteeism and problems adapting to a new airport terminal in New Delhi.



President of Toyota Motor Company Akio Toyoda (R) shakes hands with Vice Chairman of Toyota Kirloskar Motor (TMK) Vikram Kirloskar the Indian subsidiary of Toyota Motor Company during the launch of new Toyota Etios car in Bangalore yesterday. This car will available in four variants and will be priced in between \$10,894 to \$15,087 ex showroom Delhi.

New York Times in talks to sell Red Sox stake

REUTERS, New York
 New York Times Co is talking with a variety of potential buyers for its stake in the Boston Red Sox and expects to turn a profit on the baseball team's sale, the media company's chief executive said on Tuesday.
 The company, which publishes its flagship newspaper and the Boston Globe, sold in April a small piece of its stake in New England Sports Ventures (NESV), the parent company of the Red Sox. At the time, it said it would explore the sale of its remaining 16.6 percent in whole or in parts.
 "It continues to be for sale," New York Times CEO Janet Robinson said at the Reuters Global Media Summit on Tuesday. "We are continuing to talk to a variety of prospective buyers, large and small."
 The Times paid an estimated \$75 million for a 17.75 percent stake in 2002, before the Sox won two World Series titles, and analysts and bankers have previously said the company was seeking as much as \$100 million for its entire stake. It was the second largest stake in NESV, behind owner and hedge fund manager John Henry.

Groupon buys 3 discount sites, expands into Asia

REUTERS, Shanghai
 Online group discount website Groupon said on Wednesday that it has acquired three deal websites in Asia, expanding the company's reach across East and Southeast Asia.
 Groupon Inc, which is rumoured to be close to being bought by Google Inc, acquired uBuyiBuy, Beeconomic and Atlaspost for undisclosed terms. Atlaspost had more 1.2 million users in Taiwan, Groupon said.
 Groupon sends its members daily e-mails with details of discounts for 200 goods and services. The deals are activated only when a minimum number of people agree to make a purchase, giving Groupon the clout to negotiate steep group discounts on products and services.
 The three companies, active in Taiwan, Hong Kong and Singapore would transition to the Groupon brand in a few months, it said.
 Groupon also launched Groupon Hong Kong, Groupon Singapore and Groupon Philippines and Groupon Taiwan on Wednesday.
 "We see enormous potential in the Asian marketplace," Groupon President Rob Solomon said in a statement.

Porsche investors approve capital increase

AFP, Frankfurt
 Porsche shareholders approved late on Tuesday a capital increase worth five billion euros (6.5 billion dollars) as part of a planned takeover by Europe's biggest automaker, Volkswagen.
 The operation is expected to be completed by late May, though it could take until late August, and is designed to help Porsche reduce its debt burden of six billion euros ahead of the takeover.
 VW already owns 49.9 percent of Porsche and wants to acquire the rest by next year but both companies have warned the deal might face delays.
 The financial director of both companies, Hans Dieter Poetsch, told shareholders gathered in Stuttgart, southern Germany, he "could not guarantee the takeover by Volkswagen will take place just after the capital increase."
 In addition to tax issues, the operation could be held up by complaints filed by investors against Porsche, charging the company manipulated markets in 2008 when it tried to buy the much larger VW.

ANALYSIS

When rescuers need rescuing

REUTERS, London
 If the era of automatic sovereign bailouts is ending, then so too is the idea of "risk-free" bonds -- lifting the anchor of world debt markets in stormy waters.
 Even if it's unlikely to be quite so black-and-white, creditors and investors are at least rethinking the long-held view that European states or even global bastions like the United States or Japan will always pay them back at face value.
 "There is no such thing as an absolutely safe sovereign," according to Citi's chief economist Willem Buiter.
 The intensification of the euro zone debt crisis and Ireland's need for the bloc's second state bailout of the year is making policymakers fret about endlessly underwriting private creditors -- feeding yet more market anxiety.
 It's a spiral that some experts say may rebound on European Union leaders, forcing them to formally abandon the bloc's "no-bailout" pledges to stop the crisis destroying the euro.

This week's move by European governments to enshrine the debt restructuring codes in the small print of new bonds after 2013 was intended to dispel any such notion -- leaving it to a creditor majority to thrash it out with any insolvent sovereign.
 Not untypically, the euro proposal leaves acres of grey area. Who decides when a state is insolvent and how? How is insolvency distinguished from temporary "liquidity" shocks, which still allow for bailouts? And, in the event of a restructuring haircut, who guarantees the remaining principal?
 But in opening up the possibility that default may be acceptable, the inclusion of Collective Action Clauses in euro sovereign debt undermines the running assumption of many of the creditors to what are deemed Advanced Economies.

Since World War Two, sovereign default has mostly been a matter for emerging markets or developing countries. Periodic International Monetary Fund bailouts, bankrolled largely by the United States or the rich Group of Seven nations, typically prevented payments problems even getting to that point.
 The last of the existing "advanced economies" to default, according to Citi, was West Germany in 1948.
 But the potential for sovereign insolvency is no longer the preserve of the developing world. If anything there's been a role reversal.
 "Who rescues the rescuers? There's no obvious answer to that," said Joachim Fels, co-head of global economics at Morgan Stanley, adding the euro debt crisis would now likely to spread to "core" European countries.



Belgian Finance minister Didier Reynders, Luxembourg's Prime Minister and Eurogroup president Jean-Claude Juncker, European Central Bank president Jean-Claude Trichet talk prior to a recent ECOFIN Council meeting at the EU headquarters in Brussels. A deal to restrict private sector burden-sharing in future eurozone bailouts was put to European Union finance ministers at emergency talks to fix Ireland's bailout. The final shape of Ireland's 85-billion-euro international bailout was settled on November 28 as European Union finance ministers rolled into Brussels for a show of strength aimed at markets.

IMF papers that viewed advanced country defaults as unnecessary and unlikely represented "a triumph of dogma over evidence and logic", Buiter said, adding sovereign insolvency was rife, especially when guaranteed bank debts or long-term pension and healthcare liabilities are taken into account.
 "Despite the recent drama, we believe we have only seen the opening act," Buiter told clients this week.
 "The risk of sovereign default is manifest today in Western Europe, especially in the euro area periphery. We expect these concerns to extend soon beyond the euro area to encompass Japan and the United States," he said.
 If markets question the sustainability of G7 government debt at a time when many see a significant bubble in these assets, the effect could be seismic.
 Repricing and re-rating G7 government

debt and the possible re-ordering of these securities in bank, pension fund and insurer portfolios everywhere could be traumatic because it forms the benchmark for all corporate and state borrowing and is a cornerstone of investment strategies seeking relative value.
 Default risk -- as opposed to simple "term risk" -- has yet to be priced adequately in benchmark sovereign yield curves. Basel bank capital rules, meantime, still assign "zero risk" weightings to sovereign debt holdings.
 Studies on the increased use of collective action clauses in emerging sovereigns over the past 10-15 years show little impact on borrowing rates. Their existence may even act to lower funding costs in some cases.
 But this was at least partly due to the fact that in the risky area of emerging markets, CACs provided a orderly and agreed out-

come in place of messy default or unilateral haircuts.
 The problem for the euro zone or wider G7 Treasuries is that few if any of their investors even entertained the prospect of default in these countries, messy or otherwise.
 Perhaps it's understandable then that those seeking a turning point in the euro zone contagion reckon one of the few incentives to buy would be on Europe abandoning its "no bailout" clause in Article 125 of the European Union's Lisbon Treaty.
 "The crisis will force the EU to move toward a permanent solution by beginning negotiations to amend the "no bailout" clause ... and establish a system of cross-guarantees for sovereign debt," UBS told clients.
 "Investors should then be able to ride what we regard as the "end" phase of the sovereign debt crisis: a multi-year convergence of European sovereign spreads."

COLUMN

Private sector and nation re-branding

IFTY ISLAM
 In today's column, I want to discuss what I believe is an important step taken towards improving 'Brand Bangladesh'. It incorporates a number of themes I have written about previously, including public private partnership (PPP) in nation branding as well as leveraging the Bangladeshi diaspora, and recognising the quality of our entrepreneurs.
 On November 26-27, the 'Meet Bangladesh' conference, organised by Bangladesh Brand Forum, was held in the Queen Elizabeth Conference Centre, London.
 Seeing the Bangladesh flag fluttering opposite the cradle of western democracy, the UK Parliament, was a matter of considerable national pride to all participants.

Governor of Bangladesh Bank Ziaul Hassan Siddiqui, Nazmul Hassan Papon MP and by video link from Dhaka, Prime Minister's Energy Advisor Tawfiq-Elahi Chowdhury, and Aziz Khan of Summit.
 Corporate leaders from A C I, Rahimafrooz, Bextex, Pacific Jeans, Sheltech, Bay Developments, Gemcon and GP IT were also present.
 Journalist Zafar Sobhan was the master of ceremonies for the event.
 Some topics discussed in the context of investment opportunities for international companies and non-resident Bangladeshis (NRB) were: the BRICs, the Next 11 and the Asian Century, strategy to solve the energy and infrastructure crisis, exports diversification, the RMG value chain, capital markets, opportunities in real estate, Bangladesh as the next outsourcing destination, eco tourism, agro businesses and climate change.
 In a discussion on the Asian Century and the rise of the BRICs (Brazil, Russia, India and China), there was recognition that none of us should accept that Bangladesh has any less potential than India. No-one could have imagined in 1992 when India was almost bankrupt as a nation and going to the International Monetary Fund for emergency funding that it would have more than \$300 billion of reserves and be one of Asia's powerhouses 19 years later. Bangladesh should be similarly ambitious.

NATION BRAND HEXAGON



leading entrepreneurs and corporates is, in my view, one of the most effective ways we can change country misperceptions and encourage greater foreign direct investment (FDI). As I highlighted in my speech at the conference, in terms of adaptability and innovation, there is little doubt in my mind that Bangladeshis are inherently entrepreneurial people.
 The 'Bangladesh Paradox', as we call it, is that despite natural disasters, corruption, poor governance, unfair stereotypes in Nation Brand and limited FDI, Bangladesh has managed to grow at around 6 percent over the last 5 years and was perhaps the most resilient economy in the world during the global crisis with growth only slowing from 6.3 percent in 2008 to 5.9 percent in 2009. The dynamic and entrepreneurial private sector has more than compensated for the inefficiencies in the public sector.

Another important objective for the conference was to give a much more positive image to our NRBs in the UK. This recognises the potentially critical role our diaspora has in nation re-branding. We have, in reality, hundreds of thousands and perhaps millions of 'Brand Ambassadors' at our disposal -- the large NRB community. We just need to find an effective strategy to leverage it. This might involve greater support and encouragement for events like the Meet Bangladesh conference, and ongoing follow up. It will be money well spent.
 This was, I believe, a seminal event in our path to nation re-branding for one major reason. The leading companies in the private sector recognised that country re-branding was not only a matter of patriotism and national responsibility, but also in their self-interest.
 Time after time, we heard CEOs underline how the negative image and stereotypes of Bangladesh was a constraint on their plans for globalisation and entering new markets.

More than 250 attendees came each day to hear the leaders of 20 leading Bangladeshi corporates participating in the panel discussions. The topics covered a wide range of sector investment opportunities, including energy/infrastructure, capital markets/real estate, ICT/Digital Bangladesh, manufacturing, pharmaceuticals, education, tourism as well as thematic panels such as diaspora.
 There were keynote speeches from Salman F Rahman of Beximco, Tapan Chowdhury of Square, Oddvar Hesjedal of Grameenphone, Lutfur Rahman, executive mayor of Tower Hamlets, Goldman Sachs on the N11, Saatchi and Saatchi, and the Canary Wharf Group amongst others.
 Distinguished panellists included US Deputy Assistant Secretary Alyssa Ayres, Deputy

There was consensus at the conference that Bangladesh suffers from what might be termed a 'perception deficit'.
 The five leading candidates were 1) natural disasters, 2) poverty, 3) political instability, and 4) corruption. What emerged from the conference was a different concept of Brand Bangladesh with five new themes: 1) adjacency to India and China; 2) a young, dynamic and entrepreneurial population of 164 million people; 3) a land of innovation in micro finance with the Grameen revolution and Professor Muhammad Yunus; 4) untapped opportunities for global investors looking for a new economic platform in the heart of Asia; 5) substantial and largely untapped intellectual/commercial capital from the NRB platform.
 Re-branding by showcasing our

One might say it is the difficult and challenging operating environment for entrepreneurs in Bangladesh -- from power crisis to a lack of risk capital to a difficult regulatory environment, which forced them to be innovative, adaptable and creative. They are driven by the ethos, encapsulated in a quote by Austrian Philosopher Friedrich Nietzsche -- "What doesn't kill you makes you stronger". More broadly, what sells to international investors is the ambition, vision and drive of our leading corporates.

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Time after time, we heard CEOs underline how the negative image and stereotypes of Bangladesh was a constraint on their plans for globalisation and entering new markets.
 Bangladesh Brand Forum Founder Shariful Islam and Chief Advisor Prof Ferhat Anwar deserve gratitude for the many months of organisation to make the event happen. But re-branding a country is much like changing the direction of a super tanker -- it does not happen quickly.
 I hope the success of Meet Bangladesh 2010 motivates not only the private sector but also the government to partner and drive the re-generation and rejuvenation of Brand Bangladesh.
 The writer is the managing partner of Asian Tiger Capital Partners.