

International Business News

Don't bet against euro: German finance minister

REUTERS, Berlin

Europe's single currency is here to stay and those who bet against its survival are making a mistake, German Finance Minister Wolfgang Schäuble said.

In an interview to appear on Sunday in Bild am Sonntag newspaper, Schäuble said leaders of all the countries that share the currency agreed -- the euro worked toward their common good and a return to national money would be a mistake.

"Those who bet their money against the euro will have no success... the euro will not fail," Schäuble said. "The euro benefits us all and we will defend it successfully."

European leaders meet next week to discuss ways to solve a euro zone debt crisis which has triggered bailouts for Greece and Ireland and which analysts say could engulf other countries. They are expected to agree the terms of a permanent rescue mechanism for the bloc.

Germany and France have pledged to better align their tax and labour policies to foster convergence in the euro zone, but have rejected calls for an increase in the bloc's rescue fund and joint sovereign bonds.

Pressure on high-deficit euro members eased slightly over the past week after the European Central Bank bought government bonds in a thin end-of-year market, pushing down the borrowing costs of countries on Europe's southern periphery.



AFP

Shoppers walk through Wangfujing shopping street in Beijing on December 10. China said that inflation topped five percent for the first time in more than two years, a figure analysts said would lead to fresh interest rate hikes as officials battle to curb rising prices.

Australia unveils sweeping banking reforms

AFP, Sydney

Australia unveiled tough changes to finance laws Sunday, banning unpopular mortgage fees and cracking down on price collusion between major banks in a bid to boost competition in the sector.

Treasurer Wayne Swan said the reforms aimed to empower consumers, bolster smaller lenders and secure credit flows to both consumers and business, pledging a "fair go in the banking system".

Targeting Australia's "big four" banks, the reforms ban exit fees on new home loans and allow the competition regulator to prosecute lenders for colluding on rates, after large hikes sparked an angry consumer backlash.

An additional four billion dollars would also be injected into the mortgage-backed securities market under the reforms, Swan said.

"Build(ing) up competition in our banking system will ensure that interest rates are lower over time," Swan told reporters. "It's very important that we don't let the big banks off the hook."

Indians eye silver in face of pricey gold

REUTERS, Mumbai

India, the world's No. 1 silver buyer, is on track to show sharply higher imports this year of the metal near 30-year peaks, as consumers normally fond of more expensive gold seek to lower cash outlays.

"Certainly there has been an increased interest in silver, and it's drawing interest from people who cannot afford gold, even return-wise the metal has done well," said Hareesh Acharya, head of the bullion desk at Ahmedabad-based gold wholesaler Parker Agrochem.

India's silver demand averages 2,500 tonnes per year and the country, which produces around 7.3 million ounces a year (206.95 tonnes) according to the Silver Institute, could import 20 percent more this year or 1,200 tonnes, the Bombay Bullion Association (BBA) says.

Around 50 percent of imports come from China while recycling makes up some of the supply of the metal. Silver is used in jewellery, coins and bars for investors, while industry uses the metal for products from light switches to cars.

Branson to be AirAsia 'stewardess' February

AFP, Kuala Lumpur

Virgin boss Richard Branson will serve as a flight attendant on an AirAsia X flight in February next year after losing a cross-dressing bet to rival Tony Fernandes, officials said Sunday.

The two men laid the wager over whose Formula One team would place higher in this year's rankings.

Although both teams completed the season with zero points, Fernandes' Lotus F1 team was placed ahead of Branson's Virgin Racing by virtue of their better race finishing positions.

"It's confirmed February 21, 2011. Richard Branson will be a crew of AirAsia X," Fernandes said in a Twitter post late Saturday, adding that the flight will take off from London Stansted Airport bound for Kuala Lumpur.

Fernandes said last month seats on the flight will be auctioned off for charity.

An AirAsia official said Branson would be required to wear makeup and high-heels, along with the regulation red stewardess outfit, and would have to perform regular duties -- including cleaning the toilets -- during the flight.

COLUMN

Call to reopen PSTN

ABUL K SHAMSUDDIN

"JS body for reopening of 5 land phone companies" says the headline of a news item in The Daily Star on December 1. The Parliamentary Standing Committee on the Ministry of Post and Telecommunications (MoPT) has resurrected a seemingly dead issue. One may recall that the networks of five locally owned PSTN (public switched telephone network) operators (Dhaka Phone, National Telecom, Peoples Tel, RanksTel and Worldtel) were shut down by the BTRC in March this year on suspicion of being involved in illegal call termination business and subsequently their licences were cancelled in May. The Standing Committee immediately expressed its concerns over the drastic action taken by the BTRC and decided to review the case. As such, it summoned the representatives of the operators, the officials of the BTRC and the MoPT to make their submissions and after having considered all the aspects including the significance and long term impact of the shutdown on the industry, it gave its recommendations to the MoPT for taking initiatives for reopening of the networks. Several months have passed since then, but the MoPT has been characteristically inactive as if it were not their business at all.

The recent media reports appearing on a regular basis indicate that illegal call termination is rampant even now and shutting down the PSTN operators could not put any dent on the illegal practice. This is because the PSTN operators were always small players and their combined call handling capacity could never match the level at which international call traffic bypassed the legal gateways. For example, in the first three months of this year, the average daily total traffic handled by the five PSTN operators was about five million minutes compared to 20 million minutes of daily illegal international traffic. The PSTN networks represent only 1 percent of the total national telecom network and they simply did not have the capability to undertake an illegal operation of such a magnitude. It was always clear to the discerning analysts that the PSTN operators were the scapegoats, whereas the real call traffickers were going about their illegal



business unperturbed. It is no wonder that the Standing Committee has recently reiterated the position that the shutdown was illogical and asked the MoPT to take steps to reopen the networks in the best interest of the subscribers and the employees.

Let us take a look at the history of private PSTN operation in the country. The National Telecom Policy of 1998 formulated by the then Awami League government and the subsequent Telecom Act-2001 clearly state that one of the prime objectives is to encourage the local entrepreneurs to invest in the telecom sector and all types of support are to be extended to them for developing an indigenous capability. Inspired and encouraged by this policy, the local entrepreneurs applied for and received regional PSTN licences in 2004-05, which were subsequently converted into national PSTN licences in 2007. Eleven operators -- five national and six regional -- rolled out their networks countrywide investing more than

Tk 2,000 crore, the major part of which was spent in importing sophisticated telecom equipment. The PSTN industry created an employment opportunity for more than 2,500 highly qualified engineers, technicians, sales and marketing professionals, dealers and distributors. Their combined subscriber base exceeded six lakh, which included high-profile customers such as banks, multinational companies, hospitals, telecom operators, transport companies, embassies, international bodies, SMEs and PCOs.

The five closed PSTN operators have borrowed more than Tk 1,500 crore from individual banks and syndicated lenders. The lenders were encouraged by the government policy as well as the good performance of the operators in their decision to extend the loan facilities and the operators maintained a good repayment practice.

In the backdrop of such lender confidence and positive growth scenario for the PSTN operators, their operations were

abruptly suspended in March. In the last nine months, these operators have not been able to pay salaries to their employees and also have fallen behind in their monthly repayments to the banks and syndicated lenders due to no revenue earnings. These loans are soon going to be classified putting in jeopardy the job security and livelihood of not only their own employees but also of all the employees of the parent companies (a dreadful prospect, indeed!).

Enough time has elapsed and the final resolution of this outstanding issue is long overdue as it serves no one's interest. The ministry may consider the following options and use the opportunity to reshape the industry as well:

• Accept the recommendations of the Parliamentary Standing Committee on MoPT and restore the operations of the closed PSTN networks immediately. This will put the local PSTN industry back on its feet, guaranteeing job security, fulfillment of subscriber obligations, lender repayment and restoration of confidence in future funding of local telecom projects by institutional lenders.

• Grant new PSTN licences and permit sales of switched off equipment to new operators. The sales proceeds can be used to pay off outstanding loans in case an operator decides to quit this sector.

• Consolidate the "fixed" telecom industry by encouraging merger and acquisition. The industry is highly fragmented now with too many operators having narrow functionalities. Now is the best time to reshape it and help create an optimum number of financially viable consolidated private telecom operators providing "fixed" services similar to the state-owned operator, BTCL.

In line with the newly amended Telecom Act-2010, the ministry has the final responsibility for all matters relating to licensing. The closed PSTN operators and their lenders are severely distressed by the looming uncertainties. We can only hope that the ministry will rise from slumber, act with haste and put the PSTN industry back on its feet sooner rather than later.

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TECHNOLOGY

Mobile eases Pacific isolation, poverty

AFP, Sydney

From the rugged highlands of Papua New Guinea to the remote islands of Tonga, a telecommunications revolution in the Pacific is helping ease poverty and isolation in some of the world's poorest countries.

In just a few years, a wave of market liberalisation has put mobiles and laptops into the hands of millions in the region, with deep implications for business, health and education, and for avoiding earthquakes and tsunamis.

Farmers can now call ahead to check prices in local markets, villagers with no experience of banking can remit money using mobile services, and text alerts warn of giant waves whipped up by the region's frequent earth tremors.

"They don't have roads, they still don't have, in a lot of cases, power, and all of a sudden they've got mobile telephones," said Gavin Murray, of the International Finance Corporation (IFC), the World Bank's private-sector arm.

"And anecdotally, it's having a huge impact on society. It really doesn't matter who you talk to, in most of these places they are all saying the access to mobile telephony has completely changed their lives."

The sweeping change has been spearheaded by Irish company Digicel Pacific, backed by some 120 million US dollars in IFC loans, which has ventured into six of the island countries since 2006, with startling results.

Murray said in two-and-a-half years, impoverished Papua New Guinea went from 100,000 mobile subscribers to nearly three million, while the central bank estimated the newly liberalised industry added more than half-a-percent to GDP.

Digicel Pacific CEO Vanessa Slowey said call prices dropped by 60 percent almost overnight in Samoa, the company's first regional destination, where coverage leapt from just a third to more than 90 percent of the island nation.

Tiny Nauru, where Digicel launched last year, went from virtually zero communications to 95 percent mobile coverage, prompting more than half of the 10,000-strong population to sign up in the first month.

In late October, some 40 percent of Nauru households got on board when Digicel launched WiMax mobile Internet.

"You can imagine being out on a remote



AFP

The picture shows one of Digicel's Pacific Island customers in Vanuatu using GSM services.

island in Papua New Guinea or Vanuatu where you get food delivered once every two weeks if you're lucky and women commonly die in childbirth," Slowey told AFP.

"And your first experience of telecommunications is a mobile phone that could potentially be a BlackBerry. Try and get your head around that and the impact it has on

people." Digicel's strategy, pioneered by entrepreneur owner Denis O'Brien in a swathe of poor Caribbean countries, is to offer quality, affordable mobile telecommunication in countries considered too risky by bigger operators.

In the Pacific, the company relies heavily

on its 1,200 local staff to build and maintain networks in a far-flung, earthquake-prone region, while thousands more are indirectly employed selling recharge cards.

"You're talking about, in some cases, 20-hour boat trips (to repair towers) if there's a tsunami, an earthquake or a lightning strike -- all these things happen in the Pacific Ring of Fire," Slowey said.

"It's very hard work. It's not easy. It takes great vision, dedication, confidence to be bold to say we're going to build it, and we're going to build it big, and you are hoping you got your proposition right," she added.

Digicel's entry has sparked a sudden rush of competition, with previously dominant state-owned carriers forced to slash prices and look for new markets, while the newfound communications have provided a significant economic boost.

Caleb Jarvis, Sydney-based trade commissioner of Pacific Islands Trade and Invest, a body which helps promote the region, called it a "revolution" which was benefiting business, bringing wealth and cutting poverty.

"I'm sure there have been new businesses that have started as a result and there have been businesses that have grown as a result of improved communications," Jarvis said.

"A dynamic private sector in the Pacific islands is absolutely necessary to alleviate poverty in these countries," he added.

"If businesses can grow and they can employ more people, those people will demand better healthcare services, they will demand better education."

"Over time they're the sort of significant changes that are required to alleviate poverty and improve the livelihood of Pacific islanders."

The innovations, which are expected to spread to more countries and extend to more advanced services like 3G, also help keep islanders safe with text alerts warning millions about earthquakes and possible tsunamis.

Meanwhile mobile phones and the Internet are also helping bridge the enormous expanses of ocean which separate Pacific communities from friends, relatives and the world at large.

"Never underestimate with these remote islands, how much they want to be connected to the rest of the world. And now they are," said Slowey.