

Indonesia's technology black market here to stay: analysts

AFP, Jakarta

Research in Motion's (RIM) PlayBook tablet is due to launch in Indonesia in August, news that should have set the country's legions of BlackBerry fans alight with anticipation.

Instead the announcement was met with an indifferent shrug -- PlayBooks have been available on the country's thriving technology black market for weeks.

Vicky, a vendor at Mall Ambassador in Jakarta, a bustling hub for all things electronic, had stocks of the PlayBook in April, even ahead of the product's global launch in New York.

"I'm not sure exactly where these are from. They come here on boats. We usually get stuff like this from Mexico or the US," she told AFP.

Analysts say the black market costs the government millions of dollars in unpaid consumption taxes, but it is happy to turn a blind eye to the illegal trade because telecommunications generate so much money in other ways.

"All those satellites and antennas you see on top of buildings, they are funded by the private sector. So the government is now sitting pretty collecting bandwidth money," said Debnath Guharoy of Roy Morgan market research.

"They are issuing licences worth millions of dollars which costs them nothing, really. I don't think the black market is going away."

Capitalising on Indonesian technophiles who just cannot wait until August, Vicky jacked up the PlayBook's retail price to 9.75 million rupiah (\$975) compared to \$699 for the most expensive version in the United States.

But come August, PlayBooks will be selling at slashed prices alongside cut-rate smartphones, netbooks and cameras.

Affluent Indonesians are already lapping up cheap hand-held tablets. The country's latest sex scandal involved a conservative Muslim lawmaker who was busted watching pornography on his Samsung Galaxy tablet in parliament.

Suhanda Wijaya, of the Indonesian Chamber of Commerce and Industry, said it was impossible to control shipments of illegal products into a huge country of 17,000 islands.

"Indonesia is very open because it is an archipelago. We can only really monitor five major gateways," he said.

On top of evading the 10 percent luxury tax, suppliers and vendors can also ignore the five percent sales tax by trading solely in cash, making for significantly cheaper products.

"Smuggling goods into the country hurts the industry because it makes it very difficult for companies that want to do the right thing to compete with cheaper products," Wijaya said.

It can be impossible to tell the difference between a smuggled product and an authorised one. The difference is only in the warranty card. An authorised product will have a manufacturer's warranty, while a smuggled one will have a distributor's warranty.

Gregory Wade, RIM's Southeast Asia managing director, said the Canadian company which makes BlackBerry smartphones was trying to educate consumers about the benefits of buying legitimate products.

"We've run a number of campaigns wrapped around the concept 'peace of mind' and the values and benefits of purchasing authorised products. We continue to support and invest very heavily into that," he said.

But product developers like RIM can still turn a profit no matter how their goods arrived in Indonesia. They earn the same amount per unit regardless of where they



A vendor displays a Samsung Galaxy tablet computer at a market in Jakarta.

AFP

were released.

And to RIM, Indonesia is an important business opportunity. BlackBerry has between two and three million users in Indonesia, accounting for three to five percent of the smartphone's global market.

Wade said RIM was expecting to ride the wave of BlackBerry's popularity in Indonesia, a rapidly developing country of 240 million people.

"Regardless of price sensitivities and regardless of socio-economic environment, we firmly believe Indonesia will be one of the top markets for tablet opportunity across (Southeast Asia)," he told AFP.

"It's not simply because of the sheer population, but certainly because Indonesians love technology. They gravitate to technology; that's evident in the way they're gravitating to the BlackBerry."

Bank of Japan chief sees signs of recovery

AFP, Tokyo

Japan's central bank chief Wednesday likened the economic slump following the March 11 earthquake to the crisis following the collapse of Lehman Brothers -- but said there were already signs of recovery.

An increasing number of plants are resuming production while there are signs of improved sales at department stores, snapping a plunge in consumer spending immediately after the quake, Bank of Japan Governor Masaaki Shirakawa said.

"Therefore, in the second half of fiscal 2011, the sense of recovery will be somewhat more noticeable, although it will fall short of a V-shaped recovery," he told an economic forum in Tokyo.

The 9.0-magnitude earthquake and tsunami left around 25,000 dead or missing, and with a subsequent emergency at the Fukushima Daiichi nuclear plant it plunged Japan into its worst post-war crisis.

Many of the country's biggest companies saw profits tumble in the quarter while the economy plunged back into recession in January-March, with a second consecutive quarter of contraction.

Industrial output saw its biggest ever fall and spending plunged as consumer and business confidence took a tumble.

Shirakawa said Japan's most pressing short-term challenge was to resolve supply constraints as early as possible.

"The recent sharp and substantial economic plunge is similar to that following the failure of Lehman Brothers but different in terms of its mechanism: the recent downward pressure is caused by a supply-side shock," he said.

Japan's economy contracted for four straight quarters during the global economic downturn following the collapse of Wall Street titan Lehman Brothers in 2008.

But Shirakawa said the main difference was that while output was hit badly by the March 11 disaster, demand had not disappeared.

"The destruction of factories led to disruptions in the supply chains of parts and materials, which affected production not only in disaster-stricken areas but also a wide range of non-affected areas," he added.

Shirakawa said the BoJ was considering whether there is further room to expand its special lending facility to boost loans to growth sectors, in light of the damage done to the economy by the earthquake and tsunami.

"It is necessary to regard reconstruction in the quake-affected areas as a starting point to strengthening growth potential," he said.

Japan's central bank decided last week to keep the size of its asset-purchase program unchanged at 10 trillion yen and to maintain its unsecured overnight call loan rate target in the current zero to 0.1 percent range.

Yunus puts youth at the centre of his attention

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Grameen Bank does not have a tendency towards violating any rules. It has always tried to follow the rules and procedures in a transparent manner. It is a very law-abiding bank. Grameen Bank does not violate rules because that's the foundation on which Grameen Bank stands. Grameen Bank is based on trust. Without total commitment to rules and discipline, trust cannot survive. As a result, Grameen Bank cannot survive.

DS: Why did you not retire when you turned 60?

MY: I offered to resign when I was 60, but the board did not let me go. The board said: "We are the appointing authority and you should continue." Grameen Bank's regulations allowed it. The board said: "You continue until we tell you [to retire]."

I turned 70 and again I offered my resignation. The board said we will not let you go. I tried all the time, but the board was telling me to stay. I wrote a letter on March 15, 2010, to the honourable finance minister, offering to step down. He thought my proposal was a good one.

The question was whether it was a violation of the law. There is no violation. The board said it was very important for me to continue. The

board also said the law does not stop them. The board created the regulation. They made the regulation that the managing director does not have an age limit.

This issue of me going over the retirement age was raised by the audit teams of Bangladesh Bank. That team said you are going over your age-limit. We gave our explanation. We explained that there was no age-limit for the managing director of Grameen Bank.

They looked at our explanation. The next year, the issue was discussed in detail. We told them we are ruled by our own regulations. Under the ordinance, we created the regulations.

The audit team told us to bring all our papers. We brought all our papers. There were six people, chaired by the Bangladesh Bank general manager, reviewing these documents. When they saw all the documents, they said you are OK. At the time I was sixty and a half years.

Ever since then, Bangladesh Bank never raised the issue again. That means they had no objection to it. No question was ever raised again since then.

Suddenly the central bank came up eleven years later with a letter. If you discover a mistake 11 years later, you suddenly do not send a letter to fix it.

You can pick up the phone, say a sorry we have made a mistake, we missed it and you missed it and let's sort it out. That is how it could be addressed.

I cannot say why they sent the letter after 11 years. I did not think it was legally correct. So I went to court. But the high court said I do not have the locus-standi to seek redress. They did not accept my case. Supreme Court upheld the High Court decision.

DS: What is the future path for Grameen Bank without you at the helm?

MY: Grameen Bank is at a very interesting stage right now. The second generation within Grameen Bank borrowers' families is becoming adults -- in large numbers. We have helped them go to school and finish school. Many went for higher education with Grameen Bank loans. They are completely different from their mothers. They grew up within a Grameen Bank environment. Grameen Bank's policy has been to create a new generation who will not only be free from poverty, but from this generation on, nobody will ever return to poverty. We have been encouraging them to become job-givers rather than being job-seekers. The future of Grameen Bank could be an exciting journey of exploring new

grounds. It could be a glorious journey. But if GB does not manage the transition carefully, it could end up a disaster. A friendly transition is the key to a successful future. We have already damaged that process. But we still have a chance to do damage-control by insisting on smooth continuity, by leaving the existing ordinance alone, by not trying to bring government control, by respecting the decision-making power of the board, by accepting my proposal to the finance minister in March last year, to appoint me as the chairman and by selecting a non-political person of high standing as the next managing director. Grameen Bank is a precious institution. It has demonstrated its ability to govern itself with world-class efficiency. If we keep it that way, we will not have to worry. We can relax and expect more success ahead for Grameen Bank.

DS: What's next in your efforts to help the poor? What's next in your life as a private person (as Muhammad Yunus)?

MY: I started out concentrating on the issue of poverty alleviation. All the companies I created are all focused on that. I will continue with that. I have no intention to slow down. I cannot even if I try to. I will continue -- some people may like

what I do, some may dislike it, or some may even hate it. I will go on doing things that I think is the right thing to do. I get the feeling that my way of approaching world problems particularly appeals to young people. I enjoy working with them.

My work comes from a faith that all human beings have unlimited capacities. But society does not allow people to become acquainted with their capacity. We can start to create an environment where people will gradually start discovering themselves.

A part of poverty is because people are not aware of their own capacities. Most of the time, people are made dependent. They are being told that the state will take care of you, or the market will take care of you. They are turned into passive beings. We are not encouraging the person to discover his own inherent capacity to take care of himself.

I want to find ways to encourage people to explore their capacities, to give them a chance for self-help. I am not saying 'do not help them'. I am saying that the important part of the help should be to help them gain independence, not to get used to dependence.

On top of that, I strongly feel that each individual has the capacity to change the world. But he does not always get to use this capacity. We

think we are too small to change anything. I want everybody to believe that he is big. He can change the world. He can come up with fantastic ideas. Human creativity is just limitless. We must believe in it.

This generation of young people is very different from ours. They have technology, internet access and are connected with thousands or even millions of others. If they can use the technology, they will be able to change the world much faster than we can imagine.

I started social business to solve social and economic problems. Young people are responding to that call. Many universities have opened their own institutes of social business, centres for social business and chairs for social business in countries such as Germany, the UK, the USA and Japan. Many are coming along in this direction, such as India, Russia and Colombia.

I see the positive responses from people. I see the possibilities. If the idea of social business catches up, it will bring a big change in the economy and the society. My mission will be to concentrate on that and make young people think big and get involved, rather than feel frustrated and withdrawn. I believe the young generation will transform the world in a fundamental way.