Telenor joins Mozilla's new mobile operating system

Mozilla lures more operators in a direct challenge to the duopoly of Apple's iOS and Google's Android

MD FAZLUR RAHMAN, *from Barcelona*

TELENOR on Sunday announced its partnership with Mozilla to launch Firefox operating system (OS)-based smartphones, in a bid to give its customers a high-quality mobile internet experience complete with applications tailored to local needs.

"The cooperation with Mozilla is yet another initiative originating from Telenor Digital Services to bring the smartphone experience to more customers," Jon Fredrik Baksaas, chief executive officer (CEO) of Telenor, said in a press briefing in Barcelona on Sunday.

"We want to offer an affordable device with rich and locally relevant apps," said Baksaas, while expecting the phones to serve as a stimulus for data growth.

Telenor's Firefox OS smartphone will be rolled out in Serbia, Montenegro and Hungary first in the second half of the year, with Asia to follow suit soon.

The move comes at a time when growth in voice service is fast becoming saturated.

Meanwhile, Mozilla's Firefox OS is tipped to be a game changer of the smartphone software market dominated by Apple and Google.

The Firefox OS for mobile phone is based on the open web, which means interacting with many of its HTML5-based apps will be like visiting websites through a browser, opening temporarily as apps, and closing. The phone, in essence, is a browser.

The fact that it is open source means carriers have the freedom to do whatever they want, from running their own apps and services to branding and anything else.

Mozilla, which is a not-for-profit organisation, is giving away the OS for free.

But more importantly, Mozilla claims the OS is designed to run well on low-end hardware, where Google's Android performs poorly or does not run at all.

AFP

Mozilla's CEO Gary Kovacs (R) poses with his partners for the launch this summer of new smartphones with its new open-source Firefox OS mobile operating system, (L-R) America Movil's Chief Marketing Officer Marco Quatorze, ZTE's Executive Vice President and Head of the Terminal Division He Shiyou, Telenor's Chief Executive Officer Jon Fredrik Baksaas, Telefonica's Chairman and CEO Cesar Alierta, Deutsche Telekom's Chairman and CEO Rene Obermann, Telecom Italia's CEO and GSMA's Chairman Franco Bernabe and Qualcomm's CEO Paul Jacobs after a press conference in Barcelona on Sunday.

"We see great potential in an open Web-based operating system. With HTML5 at the core of every feature on this phone, you remove barriers to development that are common with existing mobile ecosystems," said the Telenor CEO.

"This opens the door to the wide community of developers, who now have an opportunity to contribute to a new kind of smartphone," he added.

Gary Kovacs, CEO of Mozilla, said: "Telenor has been a dedicated partner in bringing Firefox OS to its realisation."

Telenor was joined by 17 other mobile operators from across the world in supporting Firefox OS.

The operators are: América Móvil, China Unicom, Deutsche Telekom, Etisalat, Hutchison Three Group, KDDI, KT, MegaFon, Qtel, SingTel, Smart, Sprint, Telecom Italia Group, Telefónica, Telstra, TMN and VimpelCom.

Mozilla is working with manufacturers Alcatel (TCL), LG and ZTE to build the first Firefox OS devices, with China's Huawei to follow later in the year.

The breadth of support demonstrates the cross-industry desire for a new, more open mobile ecosystem.

"Our goal is to level the playing field and usher in explosion of content and services that will meet the diverse needs of the next two billion people online," said Kovacs.

For developers, Firefox OS offers a solution to the discoverability, monetisation and fragmentation challenges they have on current platforms.

Marco Quatorze, chief marketing officer of América Móvil, René Obermann, chairman of Deutsche Telekom, Paul Jacobs, CEO of Qualcomm, Franco Bernabé, chairman and CEO of Telecom Italia, César Alierta, chairman & CEO of Telefónica and He Shiyou, CEO of ZTE Handset Division, also spoke.

The news broke on the eve of the mobile phone industry's annual gathering at the popular Spanish tourist city -- Mobile World Congress -- bringing with it great expectations from the event.

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Battle heats up for mobile money

AFP, *Barcelona*

GLOBAL financial groups battled Monday to control the lucrative future of "mobile money", which will enable people to use a smartphone to go shopping instead of cash and credit cards.

MasterCard, Visa and online payments service PayPal struggled for a slice of the industry as the world's biggest mobile fair, Mobile World Congress, opened in Barcelona, Spain.

It is a market with potentially rich rewards.

The mobile money industry is expected to grow from $13.8 billion (10.4 billion euros) in 2013 to $278.9 billion by 2018, according to a study released this month by global research group MarketsandMarkets, which estimates there will be about 5.3 billion mobile phones worldwide this year.

The banking and credit card world had previously been nervous of the mobile money industry, said Magnus Rehle, senior partner at Greenwich Consulting.

"Now I would say that Visa and MasterCard are pushing payment via the mobile but they want to include their existing systems," he added.

"It is more like the credit card is moving into your phone." MasterCard announced Monday a new digital payment system that lets people use a wide variety of devices including smartphones.

The system, known as MasterPass, stores customers' banking and personal information in a "secure cloud" online where it is available for the moment of payment whether in a store on when browsing the Internet, the group said.

Banks and stores will be able to issue their customers with MasterPass-connected "digital wallets", which would accept credit and debit card information, including cards other than MasterCard's, the group said.

Shoppers would be able to use MasterPass on the web without having to key in their bank information and delivery address for each purchase.

But they also could make payments with the new system in other ways, including by waving a smartphone equipped with Near Field Communications, or NFC, technology near a special reader.

MasterPass will be launched in Australia and Canada by the end of March, in the United States in spring and Britain in the summer before expanding to other markets including Belgium, Brazil, China, France, Italy, Netherlands, Singapore, Spain and Sweden, MasterCard said.

MasterCard's archrival, Visa, was entering the fray with an announcement scheduled later in the day.

In a pre-emptive strike five days before the World Mobile Congress, PayPal invaded MasterCard and Visa's territory.

PayPal said it will be showcasing a new product that lets cash-based businesses accept PIN-number based "smart" debit and credit cards.

Asia to get almost 10,000 planes over 20yrs: Airbus

AFP, *Singapore*

Asia-Pacific carriers will take delivery of 9,870 new passenger and cargo aircraft valued at $1.6 trillion over the next 20 years, European plane manufacturer Airbus said Monday.

The region will account for 35 percent of aircraft deliveries worldwide and 40 percent of the market in terms of value during the period, putting it ahead of Europe and North America, Airbus said in a statement.

Airbus expects a total of 28,200 new aircraft deliveries globally with a market value of $4.0 trillion in the next 20 years.

"Everything is going to grow, but the shift to Asia-Pacific in terms of market share and market presence is going to be enormous," said Airbus chief operating officer John Leahy.

"Growing economies, bigger cities and increasing wealth will see more people flying, driving the need for larger and more efficient aircraft," he told journalists in Singapore.

Emerging markets like China and India as well as the growing middle class in the region are powering demand for new aircraft, Leahy said, with Asia-Pacific carriers favouring wide-body models.

China central bank takes lead in economic reform push

REUTERS, *Beijing*

CHINA'S readiness to bend retirement rules to keep arch-reformer Zhou Xiaochuan at the helm of the central bank signals clearly that new Communist Party chiefs want to speed economic reform in the country's most critical development phase in three decades.

Central bank insiders interviewed by Reuters say the People's Bank of China (PBOC) is the country's most potent force for reform in the face of powerful vested interests, echoing sources with leadership ties who last week said Zhou would keep his job despite reaching the mandatory retirement age of 65.

Keeping Zhou ensures that the PBOC will remain a trusted instrument through which China's leaders can enact financial reforms designed to boost free markets and private enterprise, rebalance the economy, reinvigorate growth and ultimately heal a socially divisive rift between the country's rich and poor.

"Governor Zhou has been rather bold in spearheading market reforms and sometimes does not care about the possible repercussions," said a PBOC official who requested anonymity due to the sensitivity of the matter. "They really need someone who can sustain the reform momentum."

The reform agenda espoused by Party leaders Xi Jinping and Li Keqiang is not always popular with the local government officials, state-backed business and cosseted national lenders who would find their power bases fundamentally weakened.

Liberalising interest rates, for example, would hit fat lending margins at state banks.

Expanding capital markets would end subsidised access to funds for state-owned enterprises and cut private sector finance costs while creating investment options beyond real estate -- cooling the property speculation that lays at the heart of local government corruption and debt risks.

The PBOC has a track record of getting the job done in the face of entrenched opposition.

AFP

A worker pulls a cart outside a wholesale clothing market in Shanghai.

It has modernised domestic bond and money markets, laid the groundwork for short-term market instruments to manage bank liquidity and credit, while simultaneously creating mechanisms that allow the PBOC to resist pressure from growth-obsessed local officials to constantly tweak interest rates.

Indeed, the last 12 months have produced the most important package of interest rate, currency and capital market reforms since the landmark July 2005 break of the yuan's peg to the dollar -- and all in a year when political change at the top of the Party was supposed to stall change elsewhere.

That's despite a clear clash with the China Banking Regulatory Commission on the liberalisation of interest rates.

"Big banks were definitely against interest rate reform, but they could not openly oppose it," Zhao Qingming, senior economist at China Construction Bank, one of the so-called "Big Four" state banks.

When the PBOC proposed doubling the yuan's trading band to 1 percent last year, it worked hard to soothe fears of the Commerce Ministry that it would not harm the export sector, according to sources familiar with the situation.

"We were persuaded that further sharp appreciation was very unlikely," said a senior researcher with the Ministry.

Arguably it was Zhou's 2005 success in engineering a break of the yuan's dollar peg in the face of staunch opposition from the Commerce Ministry that most clearly states his credentials.

PRAGMATIC REFORMER

Yu Yongding, a respected economist and leading advocate of major currency reform, recalls the wrangling required to make the decision on a PBOC monetary policy committee stacked with senior officials from a variety of government departments.

Yu, an economist at the top government think-tank, Chinese Academy of Social Sciences (CASS), sat on the policy panel from 2004 to 2006, as the PBOC went head-to-head with critics of revaluation who complained that exporters could not withstand any rise in the value of the yuan.

"Their views had to reflect the stance of their respective departments," Yu told Reuters, recalling the logjam as pro-export officials railed against the suggestion of some other committee members of a revaluation of as much as 10 percent.

Yu says Zhou's pragmatic approach defused the row, agreeing to a small initial rise of 2.1 percent in the yuan's value against the dollar, while forging a top-level consensus on the incremental annual pace of currency strengthening that has seen it gain around 33 percent in nominal terms since.

Despite the stronger yuan, China has become the world's single biggest exporting economy while its companies have been forced to make productivity and quality improvements to stay competitive.

Xi and Li, due to take over in March as President and Premier, respectively, need to engineer an even more widespread move up the value chain to deliver enough growth to support China's next stage of economic development -- and the transfer of about 400 million people into cities from the countryside.

That's no mean feat given the general conclusion that China's export-oriented, state-driven economic model that delivered three decades of breakneck double-digit expansion, has reached the outer limits of its effectiveness.

Growth in the world's second-biggest economy slowed in 2012 to a 13-year low, albeit at a 7.8 percent rate that is the envy of other major economies.

Many analysts believe China's growth will be nearer 5 percent than 10 by the end of this decade without far-reaching economic reform -- a worry for a government that has pledged to double household income over the coming decade in a bid to close a wealth gap so wide it threatens social stability.

About 13 percent of China's 1.3 billion people still live on less than $1.25 per day according to the United Nations Development Programme and average urban disposable income is just 21,810 yuan a year.

Meanwhile China has 2.7 million dollar millionaires and 251 billionaires, according to the Hurun Report.

STALKING HORSE

Using the PBOC as a catalyst for reforms is a smart move, provided the anticipated domino-effect works as expected and relatively straightforward liberalisation efforts trigger more fundamental evolution in China's economic structure.

The PBOC must make bank borrowing costs more market-driven to improve resource allocation and wean the economy off its reliance on state-led investment, analysts say.