

Telenor concerned over political unrest

CEO Jon Fredrik Baksaas says economic growth will slow and revenues in all sectors will be affected

KOWSHER JAHAN KHALED, from Bangkok

THE ongoing political unrest will reduce the power of economic growth of Bangladesh and take a toll on sales and revenues in all sectors, including telecoms, a top official of Telenor Group said yesterday.

The unrest will also obstruct foreign investment, though in the short term, in most sectors, said Jon Fredrik Baksaas, president and group chief executive of Telenor, which has around 55 percent share in Bangladesh's leading mobile phone operator Grameenphone.

"We are very concerned about the political situation."

During the period of unrest, growth was not as strong as it was seen before, and new investors will wait until healthy environment returns, he said.

People are more reluctant to participate in activities on the strike days and it affects the mobile operators' revenue. "If it hits the telecom sector, it also hits other sectors."

Baksaas was talking to a select group of journalists on the sidelines of the ITU Telecom World 2013 at Impact conference centre in the Thai capital.

The four-day event that began on Tuesday features a world-class forum of interactive debate, a lively show-floor displaying products, technologies and investment opportunities from around the world and a range of networking opportunities.

Key stakeholders from the public and private sectors, including ministers, regulators, industry CEOs from across the entire ICT ecosystem, consultants and academics are participating in the



Jon Fredrik Baksaas

conference.

Baksaas said, despite political uncertainty in Bangladesh, the telecom sector will continue to invest as "the industry is rolling, and technology and telecom is a need."

"We really hope the politicians will find both solutions and progress on political questions and issues that can stimulate the economy to grow."

About their future investment in Bangladesh, Baksaas said the amount

"will be significant" as they have recently rolled out 3G.

However, the Telenor CEO said investment in the sector depends on how the government formulates policies for the industry.

If policymakers take wise decisions on spectrum and other issues, investment in the industry will happen more easily.

Grameenphone invested Tk 1,960 crore during the third quarter (July-

August) this year for network upgrade and acquisition of 10 Mhz of 3G spectrum.

Baksaas said tax levels and spectrum fees are important elements to create affordability. "If spectrum prices run too high, the available financial resources for infrastructure rollout will be reduced. And if taxes run too high, the level of consumption will, in the same way, be reduced."

Baksaas called for bringing down upfront taxes in the format of spectrum and SIM card taxation.

On the sale of GPIT stakes to Accenture, an American management consultancy, a technology services and outsourcing firm, he said the US company, which has access to customers worldwide, will broaden the customer base of GPIT and create a new delivery hub.

Baksaas stressed developing local contents for the sake of the entire 3G ecosystem.

"We don't have sufficient contents," he said, adding that more contents should be developed for the financial, agriculture, health care and education sectors.

"But it depends on how we are able to create a platform of cooperation between the authorities and the operators. No doubt there is a huge potential in the market."

Baksaas has been the president and CEO of Telenor Group since June 2002. Prior to this, he served as Telenor's deputy CEO, chief financial officer and executive vice president with the overall responsibility for Telenor's networks and communication services in Norway.

Taiwan launches first budget airline

AFP, Taipei

TransAsia Airways said Wednesday it would spend around Tw\$3 billion (\$100 million) to launch Taiwan's first low-cost airline as it tries to tap into growing demand for cheap travel.

"We have been preparing this for a long time and our goal is to design a budget airline completely catering to the needs and expectations of the Taiwanese people," said chairman Vincent Lin, after the company secured government approval to set up the so-far unnamed budget subsidiary.

TransAsia, Taiwan's first private airline, plans initially to lease two to three Airbus A320/A321 planes and hopes to start flying within a year, Lin said.

"We will lease brand-new aircraft for a brand-new airline. We will use the best equipment possible," he said.

Lin declined to say which routes the airline would serve or what fares it would charge.

The company has launched a contest to name the new airline, with the winner entitled to unlimited free flights for 10 years, Lin said.

TransAsia -- which flies to Japan, Singapore, South Korea and Vietnam -- has been expanding as it benefits from increased revenues from new China routes that have opened up in recent years since relations between Beijing and Taipei improved.

1.6b people on social networks: study

AFP, Washington

An estimated 1.61 billion people, more than one in five globally, will log in to social networking sites at least monthly this year, the research firm eMarketer said Tuesday.

The study said the number was up 14.2 percent from a year ago and growth will push that number up to 2.33 billion by 2017.

The highest penetration of social network users, according to eMarketer, is in the Netherlands, at 63.5 percent. Norway was second at 63.3 percent, followed by Sweden (56.4 percent), South Korea (54.4 percent), Denmark (53.3 percent), the United States (51.7 percent) and Finland (51.3 percent).

A majority of residents were also on social networks in Canada (51.2 percent) and Britain (50.2 percent, according to the report based on data from research firms, government agencies, media outlets and company reports.

The 1.61 billion figure represented 22 percent of the world's estimated population, the survey said.

The report said India is seeing the highest growth this year of 37.4 percent, though only 7.7 percent of the population uses social networks. Indonesia's numbers will climb 28.7 percent and Mexico will grow by 21.1 percent. eMarketer said.

China central bank suggests faster tempo for freeing yuan

REUTERS, Beijing

WITH a shift in tone and language, China's central bank governor has dangled the prospect of speeding up currency reform and giving markets more room to set the yuan's exchange rate as he underlines broader plans for sweeping economic change.

The central bank under Zhou Xiaochuan has consistently flagged its intention to liberalise

"That probably means there is more upside for the renminbi," he said. The yuan, also known as the renminbi, has risen this year to 6.09 per dollar from 6.23 at the end of 2012 and hit a record high of close to 6.08 in October.

However, there was little evidence of any new found freedom for the yuan in trading on Wednesday. On the one hand, the central bank set its daily fixing for the starting point of yuan trade at

believe there would not be appetite right now."

Zhou's latest comments were released as part of a public guide book to the Communist Party's reforms, on sale in bookshops for 30 yuan.

At more than 300 pages, it provides the full text of the Communist Party's blueprint and an explanation of the changes by President Xi Jinping. It includes articles by top officials, such as Zhou.

In the guide book, Zhou says

the yuan fuelled by the country's export engine, building the world's biggest currency stockpile of \$3.66 trillion.

Such currency intervention has been a key driver of money and credit expansion, fanning inflationary risks and housing bubbles.

The yuan's trading band was last widened in April 2012 to allow the exchange rate to rise or fall 1 percent either side of the midpoint fixing announced daily by the central bank.

"We must seize the favorable time window to quicken the pace of realising yuan convertibility in capital account," Zhou said.

Full convertibility would allow the free movement of capital across China's borders, a demand of many of China's trading partners. The central bank has pledged to make the yuan "basically convertible" by 2015, but it has not made clear what that means.

Some analysts caution against high expectations for the speed of financial reform, noting some policymakers fear allowing the currency to move freely too quickly could expose the economy to volatile capital flows, such as the ones blamed on the U.S. Federal Reserve's economic stimulus programme.

Analysts expect the central bank to unveil a long-awaited deposit insurance system by the end of this year or early in 2014 to pave the way for freeing up bank deposit rates, which are now subject to administrative caps.

Such a scheme would protect depositors as Beijing is concerned some smaller lenders could go under as banks compete for deposits in a more open regime. Earlier this year, the central bank removed controls on lending rates.

"We will choose a time when conditions are ripe to life controls on deposit rates, which we think is the final step of liberalising interest rates," PBOC Vice Governor Hu Xiaolian told a forum in Beijing on Wednesday.

The reforms are aimed at helping Beijing engineer a shift in the giant economy away from investment- and exports-led growth to activity fuelled more by consumption and services.

In Dubai, private jets, VIP helicopters fly high

AFP, Dubai

AWAY from the glare of the media where airlines sign multi-billion-dollar contracts, makers of private helicopters and jets for VIPs are busy doing deals at the Dubai airshow and targeting a vibrant Middle East market.

The aerospace companies making and selling these aircraft for the rich, the powerful and for special services, say that customers' requirements are generally the same: Security, robust construction, and performance.

In the next coming 10 years, "we hope to double our orders in the Middle East

it is a real tool for developing their society," he said.

"The more societies in the region develop, the more business aviation will develop."

A few hundred metres away, stands a Beechcraft King Air 350i propeller jet.

Richard Emery of Beechcraft, the American company's president of sales for Asia Pacific, Europe, Middle East and Africa, says this region has always been a "key market" for business aviation and its growth will benefit all manufacturers.

With a market share of 69 percent for the company's turboprop products in the Middle East and 88 percent in North



Men look at a Falcon 7X airplane during the Dubai Airshow in Dubai on Monday.

where we have strong work and which attracts more and more competitors in the field of business aviation," said Eric Trappier, chief executive of French group of Dassault Aviation.

Seated comfortably in his company's Falcon 7X exhibited at the airshow, he has come to promote Dassault's new 5X business jets, the latest addition to the group's range, and which will enter service in 2017.

The 5X model which was unveiled in Las Vegas on October 21 at a list price of about \$45 million, had received a warm welcome in the Middle East region mainly due to its large cabin, range, and technical performance, he said.

On Tuesday, Brazilian Embraer Executive Jets announced the signing of a purchase agreement at the airshow for an ultra-large Lineage 1000 to Jordan-based Arab Wings.

Business aviation is "rapidly growing" in the Middle East, says Trappier, because of demand from customers who are looking for flexibility.

"They feel that with a business jet, you can go fast, you can land on any track, and

Africa, "we do see this is a very strategic market for us and we expect growth over the next five years", Emery said.

He explained that 80 percent of his group's business in the Middle East currently concerns aircraft for "special missions," such as medical evacuation, against 20 percent for VIP (Very Important Person) aviation.

At European helicopter manufacturer Eurocopter, there is also interest in business jets for offshore missions, search and rescue. And with Eurocopter's EC175, equipped to carry up to 10 people in its business version and seven in its VIP version, "the potential in this area is actually very big," says Christine Fraud, the marketing manager for corporate and private applications at the European group.

The helicopter is also increasingly used as an air taxi to complement private jets when trying to reach a crowded area to prevent "wasting the time gained by taking a business jet," she said.

In the Middle East, "one can also imagine the idea of tourism aviation with the possibility of being able to fly over remote areas," she added.



A farmer works in her rice field in the farming village of Gangzhong in China's eastern Zhejiang province.

financial markets and allow the yuan to trade more freely, even before the Communist Party's top brass unveiled late last week the boldest set of economic and social reforms in nearly three decades.

But since the 60-point reform plan was released, Zhou has suggested urgency in pushing for change, although he has not provided any specific timetable. He promised on Saturday to "pull out all stops to deepen financial sector reforms".

Dariusz Kowalczyk, an economist at Credit Agricole in Hong Kong, said the governor's comments could mean that the People's Bank of China (PBOC) will widen the trading band of the yuan in the near term.

a record high, but dealers said open market gains were checked by state-run banks selling the currency, probably on behalf of the central bank.

In addition, the daily fixing has been consistently weaker than the spot market, indicating the central bank is trying to rein in the currency's strength.

"The PBOC is still intervening heavily to prevent the CNY (yuan) from appreciating more," said RBS economists Louis Kuijs and Tiffany Qiu in a client note, referring to dollar trade inflows and speculation that are putting the yuan under pressure to rise. "Freeing up the currency would imply a very large appreciation versus the USD (dollar), something for which we

the central bank would gradually expand the yuan's trading band to help make the currency more flexible and market-driven - comments that repeat a long-standing central bank position.

"We will widen the floating range of the yuan exchange rate in an orderly manner and increase the two-way flexibility of the currency," Zhou was quoted as saying.

To that end, the People's Bank of China will "basically" exit from regular intervention on the currency market, he said, going slightly further than in previous comments when he had said it would reduce intervention.

For years, the central bank has bought up foreign exchange, mostly dollars, to curb strength in