Huawei invests in R&D to diversify products

GAZI TOWHID AHMED, *back from China*

CHINA'S Huawei, a leading ICT solution provider, invested around 14 percent or $5.4 billion of its revenues in research and development last year to bring more sophisticated ICT-enabled services and solutions.

The company has recently upgraded the 3G networks for Bangladesh's Grameenphone, Banglalink, Airtel and Teletalk.

"We focus on making continuous investments in research and development to bring more ICT solutions and services that are dedicated to providing broader and smarter experiences to our customers," said Baker Zhou, chief executive officer of Huawei Technologies (Bangladesh).

"Our goal is to take the lead in research, innovation and implementation of future networks."

Huawei has also set up 28 'joint innovation centres' globally to translate leading technologies into a competitive edge and business success for customers, he said in an interview at their office in Dhaka recently.

Zhou, who joined the Dhaka office in November 2011, said: "We openly cooperate with industry partners, focus on building future-proof information pipes, and continuously create value for our customers and society at large."

Based on these value propositions, Huawei is dedicated to enriching life and improving efficiency through a better connected world, he said.

Huawei is the leader in 3G, 4G and 5G mobile technologies, and provides support for networks with over one-third of the world's population, said Qu Wenchu, senior vice president of Huawei.

"We have 14 regional headquarters and operations in 170 countries all over the world." He spoke at the closing ceremony of 'telecoms seeds for the future' in Beijing recently.

Huawei organised the programme to help bridge the gap between what is learned through ICT education and what is necessary for the industry, Wenchu said.

The company also organised a training session at its headquarters in Shenzhen for eight Bangladeshi students from the Institute of Business Administration at Dhaka University, Bangladesh University of Engineering and Technology, and Chittagong University of Engineering and Technology.

The winners of an apps developing contest -- Grandmaster -- have got the opportunity to join the programme in China. Banglalink, the second largest mobile operator in Bangladesh, has been running the competition for the last three years.

"During the training, we came to know about the future of the telecommunication industry," said M Shahriar Khan, a student of Buet.

Banglalink and Huawei Technologies have organised an 'international youth camp' in China to help create better-equipped manpower in the fields of telecommunication and information technology.

"Overall, the youth camp was the best opportunity for us to increase our knowledge on telecommunication," Khan said.

Talent is crucial for maintaining growth and development of any industry, Wenchu said.

The fast growing ICT industry is bringing constant changes to business models and customer requirements, he said.

"As a result, across the ICT ecosystem, there is an urgent need for a large number of technical staff, who can address the challenges of transformation," he said.

Huawei created more than 10,000 jobs in Bangladesh during 2006-2013, said Ruhidas Jodder, commercial counsellor at the Bangladesh embassy in China.

"Digital Bangladesh is not a dream now, it has become a reality," he said.

Omar Ibne Hossain, a Bangladeshi national working as a senior marketing manager of Huawei, suggested Bangladeshi students should know more about the fast growing ICT industry as it will help develop their career.

ICT in education is an integral part of the socio-economic development of countries around the world, Hossain said.

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HUAWEI

Winners of an apps developing contest in Bangladesh pose for photographs at a programme in Beijing recently.

Hindustan Unilever sees demand staying subdued

REUTERS, *Mumbai*

SALES growth at Hindustan Unilever stayed muted for the eighth straight quarter, hurt by a sluggish economy, and India's largest consumer goods maker said it did not expect a demand recovery in the near-term.

The company's results came after parent Anglo-Dutch consumer group Unilever Plc, which generates more than half of its revenue in developing markets, said emerging markets sales rose 6.6 percent, slower than the 8.4 percent growth in the fourth quarter.

"The pace of growth in the market is slow and there is a high level of inflation hurting consumer wallets," R Sridhar, chief financial officer said on a conference call.

"It will be difficult to say when will there be an improvement in consumer sentiment but we are hoping it is going to be sooner rather than later," he said.

A normal monsoon, key to rural demand, and pre-election spending on consumer goods to woo voters in Asia's third-largest economy, failed to lift consumer spending as surging commodity prices and meagre salary increases weighed on incomes.

"The performance is deteriorating every quarter and it is causing more worry than it typically should because it's two years in a row with no recovery in sight, said G. Chokkalingam, founder of research and fund advisory company Equinomics.

Hindustan Unilever (HUL), which manufactures Fair & Lovely fairness cream and Sunsilk shampoo, said net profit for the quarter grew 11 percent to 8.7 billion rupees. Net sales rose 8.9 percent year-on-year to 69.4 billion rupees.

Analysts on an average estimated a net profit of 8.5 billion rupees on sales of 70 billion rupees, according to Thomson Reuters Starmine Estimates.

Overall sales volumes in the March quarter grew 3 percent, below market estimates of 5 percent growth and lower than the 6 percent growth logged a year ago.

The personal care segment, which grew 8 percent, saw demand for skin, oral and hair care products slow further after growing 12 percent in the previous quarter and 12.7 percent in the same period a year earlier.

The company trades at 32.2 times its 12-month forward earnings, compared with 27.7 times for ITC Ltd and 29.7 times for Godrej Consumer, according to Thomson Reuters Starmine Smart Estimate.

Out of the 41 analysts covering the stock, 19 had a 'sell' rating along with six 'strong sell', while 13 had 'hold' recommendations along with two 'buy' and one 'strong buy'.

Shares of the company have risen 1.8 percent so far this year, compared with a 4 percent increase in the consumer sector index of the Mumbai stock exchange.

Deal fever hits global pharma sector

AFP, *New York*

GLOBAL pharmaceutical companies facing major patent expirations have announced billions of dollars of transactions in a wave of deal-making that could ultimately include mega-mergers and hostile takeovers.

On Tuesday, Switzerland's Novartis, GlaxoSmithKline of Britain and US group Eli Lilly announced nearly $25 billion worth of deals to shift key assets in oncology, vaccines and animal health among the three giants.

REUTERS

A jogger runs past a signage for pharmaceutical giant GlaxoSmithKline (GSK) in London.

The same day, Canadian company Valeant, working with activist investor Bill Ackman, unveiled a bid to acquire Botox-maker Allergan for $45.6 billion. The proposal suggested Valeant would launch a hostile campaign if management does not accede to "productive discussions."

Both deals were shadowed by the possibility of an even more dramatic outcome: the purchase by US giant Pfizer of Britain's AstraZeneca for more than $100 billion. Pfizer reportedly approached AstraZeneca about such a deal, although talks are not active.

The stream of activity comes as pharmaceutical giants seek to make up for lost sales as patents expire and as medium-sized firms and generics specialists take steps to grow by acquisition.

"We expect the next few years to be particularly active from a mergers and acquisitions perspective and hence pivotal in the reshaping of the industry," said Barclays analyst Shubhomoy Mukherjee.

If this week's transactions are completed, including Valeant-Allergan, that would lift the total on healthcare deals in 2014 to $162.1 billion, making it the second biggest sector in terms of deals after telecommunications, according to Dealogic.

Driving the realignment is pressure on pharma giants to build up specialty businesses and exit lower-priority investments that in some cases have suffered from their second-fiddle status within their companies.

Pharma companies typically enjoy huge profit margins on blockbuster drugs, but the expiration of patents leaves them vulnerable to steep declines in sales.

AstraZeneca chief executive Pascal Soriot said the bulk of the British giant's research investment focused on three core areas -- oncology, cardiovascular and metabolic disease, and respiratory, inflammation and autoimmune problems.

The company, aiming to spend less outside these fields, is exploring "partnering options" for its remaining research in infectious diseases and other areas, Soriot said.

"We're looking at a variety of options that we hope to conclude very quickly," he said.

Soriot would not be drawn into a discussion of a Pfizer deal, but the Astra chief argued the company can make it on its own.

"Of course we are always considering options that accelerate shareholder value where it makes sense," he said. "But at this point in time we are very convinced that our strategy is working.

"We are creating value through progressing our pipeline. And we'll continue doing this on an independent basis."

The Novartis-Glaxo-Lilly transactions further Novartis' efforts to boost its specialties in oncology, Glaxo's efforts to build vaccines and Lilly's efforts to become a bigger player in animal health.

Novartis and Glaxo also announced plans to create "a world-leading consumer healthcare business" focused on wellness, oral health, nutrition and skin health. The venture would sell popular remedies to quit smoking and address back pain, and is geared at growing market share in developed and emerging markets.

Valeant too is looking to become a dominant force in choice fields, which include dermatology, aesthetics and ophthalmology. Valeant has said its goal is to become one of the five biggest pharma companies by 2016.

Merck, which has slashed headcount as it contends with the loss of patent exclusivity of its allergy and asthma drug Singular and other best-sellers, is reportedly looking to divest its consumer-brands business for $10 billion or more. The unit includes products like Coppertone and Claritin.

Merck has also streamlined its research efforts to focus on Alzheimer's, oncology and other choice areas.

REUTERS/FILE

An employee works inside a Best Price Modern Wholesale store, a joint venture of Wal-Mart Stores Inc and Bharti Enterprises, at Zirakpur in the northern Indian state of Punjab. Wal-Mart Stores Inc paid about $234 million in debt related to the purchase of a stake in its Indian joint venture with Bharti Enterprises, which the US retailer ended in October last year, according to its 2014 annual report.

Huge China strike peters out as workers cite intimidation

AFP, *Dongguan, China*

TENS of thousands of employees at a Chinese factory making shoes for Nike, Adidas and others returned to work Monday after one of the country's biggest recent strikes ended, following what campaigners called typical government intimidation.

The Communist Party fears an independent labour movement could threaten its grip on power, so it only allows one government-linked trade union.

But analysts say workers have been newly empowered by a labour shortage turning bargaining power in their favour, and the strike highlighted a wave of activism from older factory personnel nearing retirement.

The dispute broke out at a facility run by Taiwanese firm Yue Yuen, which says it is the world's largest branded footwear manufacturer, producing more than 300 million pairs of shoes last year.

The plant in Dongguan, in the southern Chinese manufacturing heartland of Guangdong, is one of the world's biggest shoe factories and has an estimated 45,000 workers, mostly women.

Vast numbers refused to work for nearly two weeks over unpaid social security contributions.

But after authorities ordered it to "rectify the situation" and it made small concessions, scores of strikers were detained by police, workers said, adding key demands remained unmet and they only returned because of intimidation.

"Police have arrested workers in the workshops for not working, more than 60 were detained," said one worker who did not want to be named for fear of reprisals. "At the moment the factory is controlled by police."

Six employees told AFP about four fifths of the staff had returned to work.

A 45-year-old sanitation worker surnamed Li added: "The workers were not successful, the government is forcing us back to work."

According to Chinese law, employers are obliged to make monthly payments into workers' social security accounts, to help provide medical insurance and a pension. But analysts say manufacturers often shirk their responsibility.

"If you don't have social security, your life's work will be useless when you return home," said Li, who like nearly all the factory's workers comes from a poor rural village, where he one day plans to return.

Staff approaching retirement -- generally 60 for men and 50 for women -- led the strike, workers said, and thousands of protesters took to the streets before police forced them to stay within the factory confines, beating some staff.