

# Brazil's iPhone investment falls short on promises of jobs, lower prices

REUTERS, Itu, Brazil

The Brazilian iPhone was meant to mark a new era. When Taiwan's Foxconn Technology Group agreed in April 2011 to make Apple products here, President Dilma Rousseff and her advisers promised that up to \$12 billion in investments over six years would transform the Brazilian technology sector, putting it on the cutting edge of touch screen development.

A new supply chain would be created, generating high-quality jobs and bringing down prices of the coveted gadgets.

Four years later, none of that has come true. Foxconn has created only a small fraction of the 100,000 jobs that the government projected, and most of the work is in low-skill assembly. There is little sign that it has catalyzed Brazil's technology sector or created much of a local supply chain.

The iPhones now rolling off an assembly line near São Paulo, the only ones in the world made outside China, carry a retail price tag of nearly \$1,000 for a 32-gigabyte iPhone 5S without a contract - among the highest prices in the world and about twice what they sell for in the US.

That Brazil has so little to show for the Foxconn investment underscores the shortcomings of its industrial policy, defined by costly tax incentives that have driven a widening government budget deficit without spurring growth. The economy currently hovers close to recession and the productivity of Brazil's workforce is stagnant.

Apple Inc's iPhone sales in Brazil have still been rising. Wholesale shipments increased more than 40 percent to 2.9 million last year, according to research firm Gartner.

Apple declined to comment for this story. Representatives for the Brazilian government

and Foxconn declined to comment on why the investment fell so far short of initial projections.

With wages rising quickly in China, home to most of its 1.3 million employees, Foxconn is trying to control costs by using more robotics and expanding its global footprint to make more electronics in markets where they are sold.

But navigating politics and managing expectations beyond China has been tricky for Foxconn, whose flagship listed unit is Hon Hai Precision Industry Co Ltd. For instance, Indonesia's government has said for years that Foxconn would invest up to \$10 billion, but plans remain in limbo due to political snags.

In Brazil as in Indonesia, politicians and government officials were the ones making the big forecasts after conversations with Foxconn, which has been more circumspect in its own public statements and projections.

Still, as Foxconn ramped up assembly of iPhones and iPads in Brazil during 2012, reaping tax benefits, the company made a public commitment. The company pledged an initial investment of 1 billion reais (\$325 million) to anchor an industrial park producing components locally within two years. The location: Itu, a sleepy tourist town in São Paulo state nicknamed "The City of Exaggerations."

Today the site remains an empty expanse of dirt, where bulldozers have been leveling the land since late last year.

City councilor Givanildo Soares da Silva, who helped lead the push to donate nearly 100 acres of land to Foxconn, has since turned against the project. "People are really frustrated," Silva said. "We were expecting all these jobs by now and it's still just empty promises."

The Itu mayor's office said in a statement it

had given all the support necessary to bring Foxconn to the city, declining to comment on reasons for the delay.

Foxconn said in a statement the facility should be operational by the end of this year, bringing its Brazilian workforce to more than 10,000, though it did not provide a specific number of jobs or disclose how many are working on Apple products.

Apple's official list of its top 200 suppliers, accounting for 97 percent of materials and manufacturing costs, includes just two companies in Brazil: Foxconn and fellow Taiwanese electronics company Lite-On Technology Corp.

Foxconn currently has five facilities in the country that make products under contract for various technology companies, including just one unit producing Apple devices in Jundiá, about 30 miles (50 kilometers) east of Itu.

"Foxconn continues to invest in our operations in Brazil," the company said in a statement. "We are committed to our goal of introducing innovative technologies that enable our employees in Brazil to focus on high value-added elements."

Workers interviewed outside the Jundiá plant said they had yet to see that skilled work.

"You hear 'Foxconn' and 'Apple' so you think it's something special. But there's no glamour in there. It's a dead-end job," said Andressa Silva, 19.

Silva tests iPhones at the plant for about \$80 a week, just \$15 above the minimum wage. She and several colleagues complained of monotonous work and a lack of promotion opportunities.

Evandro Oliveira Santos, the head of the local metalworkers' union, told Reuters the union was organizing for a strike at the factory. It would be the fourth in as many years.



Francois De Maricourt, chief executive officer of HSBC Bangladesh, and Khairul Islam, country representative of WaterAid, pose after signing an agreement at HSBC office in Gulshan, Dhaka yesterday. The companies will jointly work to ensure supply of safe drinking water to Bandarban.

# Workers urge Volkswagen to end bitter leadership battle

AFP, Berlin

Employees at German auto giant Volkswagen urged management Monday to settle a bitter power struggle and focus instead on running Europe's biggest carmaker following media reports of strained relations between VW's supervisory board chief and its CEO.

"We ask that the focus should return to the successful day-to-day running of the company and its 600,000 employees, rather than on debates that fill newspapers," the head of VW's general works committee Bernd Osterloh told the business daily Handelsblatt.

"We will not participate in any further discussions about people and their positions," Osterloh added.

VW's supervisory board chief Ferdinand Piech, a member of the powerful Porsche

dynasty that is a shareholder in Volkswagen, and one of the most important figures in German business, sparked a ferocious media debate at the weekend by declaring in a magazine interview that he was "distancing himself" from VW's chief executive Martin Winterkorn. Until now, Winterkorn was seen as Piech's close ally and heir apparent on the carmaker's supervisory board.

Piech's comments ignited speculation of a fierce leadership battle that could derail the smooth running of the company. But VW's other shareholders rallied behind Winterkorn, leaving Piech looking isolated.

Stefan Weil, the regional premier of the state of Lower Saxony, which holds a stake of 20 percent, said he saw "no cause for action" in the management of VW and warned that "a public discussion about the leadership of VW (is) damaging" for the carmaker.



Tofail Ahmed, commerce minister, attends a seminar on international factoring for foreign trade, organised by International Chamber of Commerce-Bangladesh, in Dhaka on Sunday. Mahbubur Rahman, president of ICCB; Rokia A Rahman, vice president; Latifur Rahman, vice president; Nazneen Sultana, deputy governor of Bangladesh Bank; Bidyut Kumar Saha, senior financial sector specialist of Asian Development Bank; Daniela Bonzanini, chairman of Factors Chain International; Toufic Ahmed Chaudhury, director general of BIBM; and Muhammad A (Rume) Ali, chairman of ICCB banking commission, are also seen in the picture.



Rubel Aziz, chairman of City Bank, opens a branch of the bank in Joydebpur, Gazipur on Saturday. Aziz Al Mahmood, director, was also present.

# BPC to see Tk 2,000cr profit as oil prices fall

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As a condition for obtaining \$987 million in loans from the International Monetary Fund, the government has promised that if the gap in oil price between the local and international markets exceeds Tk 10, it will make price adjustment.

Though the margin is much more this time, the government has no plans to cut prices in the local market, in a bid to recover the cumulative losses it had incurred over the years.

The WB in its latest Bangladesh Development Update said domestic petroleum prices have not been revised in line with the changes in the international market, resulting in BPC building up huge liabilities to the tune of Tk 50,430 crore at the end of June 2014.

Since global fuel prices have started to fall in mid-2014, domestic fuel prices have not been adjusted. Fuel subsidies have effectively turned negative, and the authorities have not indicated any plans to adjust them in the near term.

Thus, the oil windfall has been accruing entirely to the BPC, the Washington-based multilateral lender said.

The bank said the current macroeconomic conditions in Bangladesh and the

low international oil prices provide a historic opportunity to deregulate domestic oil prices.

It said public resistance to subsidy reform is lower when economic growth is relatively high and inflation is low, as is the case now in Bangladesh.

It said successful and durable reforms require a depoliticised mechanism for setting energy prices. Many countries have successfully implemented reforms only to see subsidies reappear when international prices increase.

The WB said the automatic price adjustment mechanism should only be a prelude to deregulating petroleum prices.

It said the government can commence implementing a sequence of structural changes over the next two years.

This should include deregulation of crude and product imports and removing entry barriers to allow private oil marketing companies to operate in the petroleum market, it said.

On the opening-up of oil marketing to the private sector, the WB recommended clear monitorable steps and designated responsibilities.

The BPC markets petroleum products through its subsidiaries Jamuna, Meghna and Padma oil companies.

# NBR finds 10,152 rich taxpayers

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Taxmen said most of the taxpayers submit tax returns by calculating their wealth on the basis of the registered value of lands and apartments, which remains below the market prices.

"The practice of underreporting is also present in other countries. We are working to reduce it through monitoring," he said.

The government introduced the surcharge as an alternative to wealth tax to ensure equitable distribution of wealth and reduce economic disparity.

Sajjad Zohir, executive director of Economic Research Group, stressed removing discrepancy between actual purchase prices of property and the registered value of wealth.

"Everyone recognises that the market price of property is way above the registered value."

In order to bring parity in wealth statements of different groups, revaluation of inherited property such as lands and apartments may be considered, he said.

Md Meftha Uddin Khan, commissioner of Tax Zone 6, said the inclusion of new slabs will contribute to a hike in surcharge collection.

He also said a system of valuation based on the contemporary market prices should be introduced.

# Samsung, GP launch flagship smartphones

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"GP customers will be the first to get the Samsung S6 devices in their hands," Allan Bonke, its chief marketing officer, said.

GP has introduced an extended equal monthly instalment programme of 24 months so that GP customers can get the phone more easily, Bonke said.

The Galaxy S6 and Galaxy S6 Edge will cost Tk 69,900 and Tk 79,900.

People can enjoy the universal experience of innovative design, strong partner network and unique services in smartphone options through the purchase of the Samsung Galaxy S6 and Galaxy S6 edge, said Hasan Mehdi, head of mobile at Samsung Bangladesh.

Choon Soo Moon, managing director for Samsung Bangladesh branch, also attended the launch event.

The Galaxy phones can be charged wirelessly along with incredibly fast wired charging option, providing about four hours of usage after only 10 minutes of charging in ideal test conditions.

The phones are also equipped with bright and fast front cameras of 5 megapixels and rear cameras of 16 megapixels with a storage capacity of 32GB.

# Chinese hackers targeted SE Asia, India for last decade

AFP, Singapore

A cyber espionage group most likely sponsored by China has been snooping on governments and businesses in Southeast Asia and India undetected for the last 10 years, Internet security company FireEye said Monday. FireEye said the hackers, dubbed APT30, have been systematically stealing "sensitive information" since 2005, targeting governments, corporations and journalists with interests involving China.

"Based on APT30's confirmed targets and their intended victims, the group's interests appear to concentrate on Southeast Asia regional political, economic and military issues, disputed territories and topics related to the legitimacy of the Chinese Communist Party," the report said.

It said the campaign differs from other

hacking outfits mostly in its scale and longevity, leading researchers to believe that it must be state-sponsored.

It also said the main objective appears to be data theft as opposed to financial gain.

"Such a sustained, planned development effort, coupled with the group's regional targets and mission, lead us to believe that this activity is state-sponsored -- most likely by the Chinese government," said the report released by California-based FireEye's Asia office in Singapore.

China swiftly denied any involvement.

"The Chinese government firmly opposes hacking attacks, this position is consistent and clear," said foreign ministry spokesman Hong Lei in Beijing.

FireEye said the cyber espionage group has consistently developed and refined its tools over the past 10 years.



Sayed Abu Abed Saher, a director of ScanCement, exchanges documents of a brand ambassadorship agreement with Mahmudullah Riyad, a member of Bangladesh national cricket team, at a programme in Dhaka on Sunday.

**Government of the People's Republic of Bangladesh**  
Bangladesh Railway  
Dhaka

No. BR/MECH/70 MG LOCO/2011(Re-tender-1)/2014      Dated: 09/04/2015

### Amendment-2

The following amendments are hereby made for the Tender No. MECH/70 MG LOCO/2011 (Re-tender-1), Dated: 22-12-2014 for "Procurement of 70 (seventy) Nos. Meter Gauge Diesel Electric Locomotive for Bangladesh Railway". Invitation for Tender (IFT) was published in daily newspapers The Financial Express on 25-12-2014, 26-12-2014, The Daily Star on 28-12-2014, 30-12-2014, The Daily Ittefaq on 27-12-2014, in CPTU website <http://www.cptu.gov.bd> on 31-12-2014 and Bangladesh Railway website No. <http://www.railways.gov.bd> on 23-12-2014.

1<sup>st</sup> Amendment was also published in daily newspapers The Financial Express on 11-02-2015, 12-02-2015, The Daily Star on 17-02-2015, 18-02-2015 and The Daily Ittefaq on 16-02-2015 and 17-02-2015, in CPTU website <http://www.cptu.gov.bd> on 11-02-2015 and Bangladesh Railway website No. <http://www.railways.gov.bd> on 09-02-2015.

Sl. No. of IFT	Item	Existing	As amended
17.	Tender last selling date	19-04-2015	28-05-2015
18.	Tender closing date and time	20-04-2015 up to 11.00 hrs.	31-05-2015 up to 11.00 hrs.
19.	Tender opening date and time	20-04-2015 at 11.30 hrs.	31-05-2015 up to 11.30 hrs.

All other terms and conditions of the tender will remain unchanged. It will be part & parcel of the tender document.

**Dulal Kumar Roy**  
Chief Mechanical Engineer (Project) & Project Director  
Procurement of 70 Nos. Meter Gauge Diesel Electric Locomotive Bangladesh Railway  
Room No. 709, Rail Bhaban  
16, Nawab Abdul Gani Road, Dhaka  
Mob. No. 01711692981  
E-mail: [cmeprij@yahoo.com](mailto:cmeprij@yahoo.com)

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GD-1351