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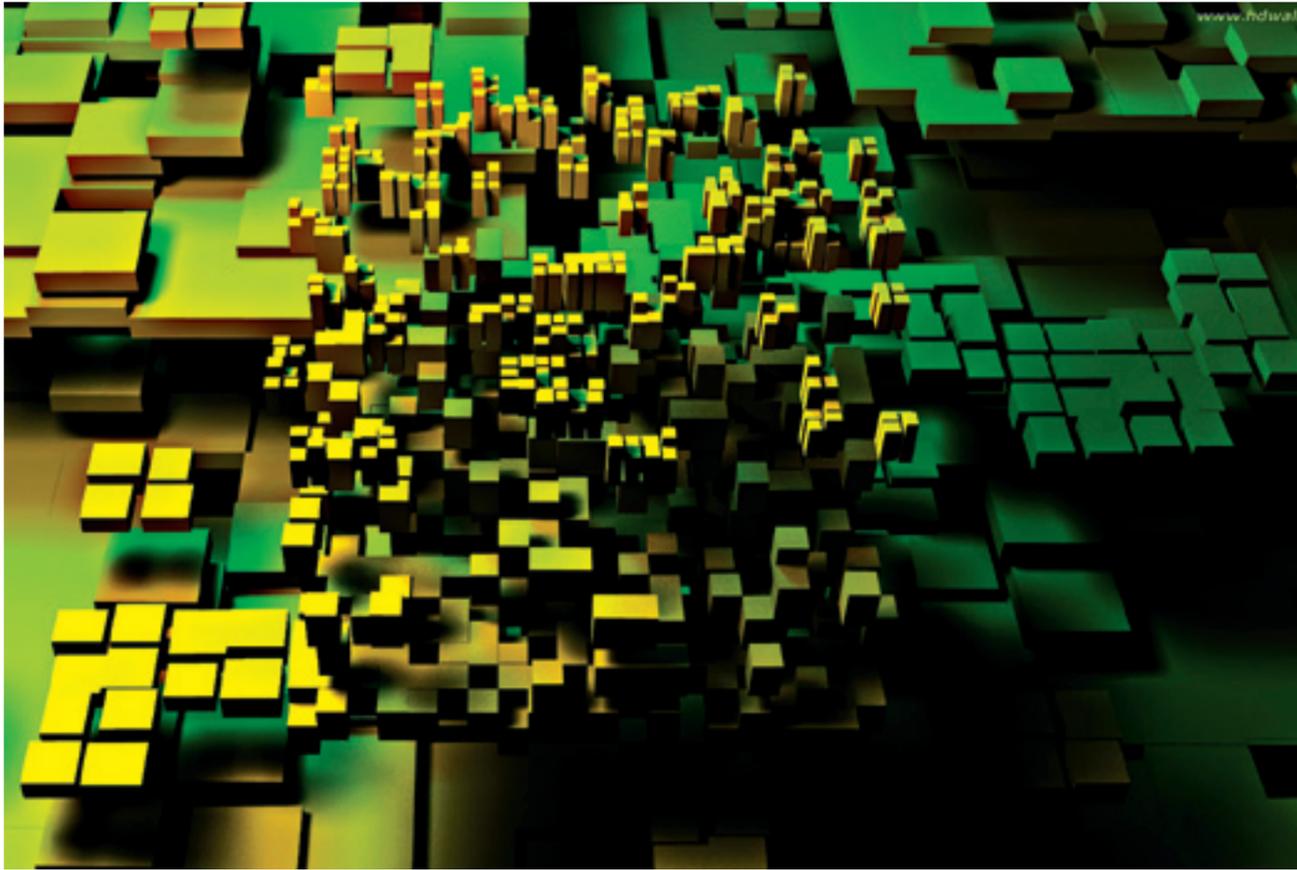


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Tech Transfers & Asia-Pacific Clean-Tech Industry

BY KEVIN LIU

For nations of the Asia-Pacific region striving to develop local clean-technology industries with an eye towards boosting their green credentials and reducing their overall environmental footprint, technology transfers are no less than vital.

Experts from both developed and developing nations agree that transfers of pertinent technologies, as opposed to simple sales or purchases, is an efficacious way to lay the groundwork for the development of a local clean-technology industry. Many times in the past and in many other industries to boot, the transfer of various kinds of technology that have been perfected abroad, has proven to be a key way by which less-developed nations can

gain needed technology and know-how.

In addition, such a transfer can have spill-over effects that can benefit other industries as well and a country's economy as a whole, from applications that increase efficiency in other industries to improvements in local employment figures and other indicators that can take place as a result.

However, experts warn that technology transfer is not without its issues, problems and limitations. There do exist significant barriers to technology transfers, as well as similar barriers to the dissemination and application of technologies that have been transferred. In addition, experts say that the successful transfer of technology may not necessarily result in technological uptake in the target country or industry.

Clean-tech Technology Transfers

The world has long realized the importance of technology transfers in building global expertise regarding clean technology. There has been significant work on international frameworks, structures and

FACTOIDS

- The International Energy Agency, in its 2009 World Energy Outlook report, stated that almost a third of the population of developing countries (1.6 billion people) did not have access to electricity — underscoring the need for technology transfer to help benefit these people as rapidly as possible.
- According to the Asian Development Bank, the international trade in clean technology is the fastest-growing area of venture capital — worth \$8.4 billion in 2008.
- A 2008 report by the UNFCCC said that only 39 percent of projects set up through the Clean Development Mechanism involved technology transfers.

The primary beneficiaries of technology transfer initiatives are developing countries. Developing nations in Asia often rely on technology transfers from more developed nations that have a history of expertise in clean-technology.

agreements that help facilitate the transfer of clean-technology expertise to developing nations. Such international agencies as the Commission on Sustainable Development and the United Nations Conference on Trade and Development have been concerned with clean-technology transfers.

The primary beneficiaries of technology transfer initiatives are developing countries. Developing nations in Asia often rely on technology transfers from more developed nations that have a history of expertise in clean-technology.

It should be clarified that technology transfers can also take place from developing to developed nations. These are commonly referred to as “South-South” technology transfers.

The expertise that many developed nations exhibit in terms of clean technologies is complemented by developing nations' need for such expertise. Many of these nations, while rich in natural resources, do not possess the expertise to utilize them efficiently, or may lack the funds necessary to develop the technologies necessary to do so. For example, the UN Department of Economic and Social Affairs found in 2004 that China's coal power plants used 30 percent more coal than German plants.

Existing technology may be obsolescent and can thus put extreme pressure on local environments and societies. Many developing countries are saddled with research and development limitations and do not own clean technologies in the first place. The rapid development of many Asian nations, such as China and India, while both nations are still struggling with significant technological issues, underscores the importance of technology transfers to increase local clean-technology expertise.

That said, it is important to realize that many developing nations in the Asia-Pacific region do have certain clean-technology capabilities that have been developed traditionally. For instance, nations such as India have some traditions regarding the development and use of basic bio-ethanol, biogas and biodiesel. However, in nearly all cases, such technology is ill suited for adoption at a country-wide level, and where this is the case, the transfer of foreign expertise may be able to help increase such nascent local technologies' capabilities and efficiency.

Problems Faced by Technology-Transfer Initiatives

In many instances, initiatives to bring about the transfer of clean technology have met with success, such as the experience of Mayekawa Co. in Japan, which transferred technology to assist Bia Thanh Hoa, a Vietnamese brewery. However, many other attempts to do so have been fraught with difficulties.

On the level of policy itself, despite the fact that the international frameworks for discussion and agreement are in place, the agreements themselves have not proceeded at a satisfactory pace. Supachai Panitchpakdi, secretary-general to the UNCTAD, has stated that the discussions held to date have not been advancing with the urgency required. The usual path of slow diffusion from richer to poorer countries, he added, was not rapid enough.

In addition, the Asian Development Bank has found that several countries, both in the Asia-Pacific region and outside it, are unable to benefit significantly from technology transfer thanks to policy-level barriers such as subsidies and taxes that increase costs and

information-flow restrictions. Proper policy frameworks, says the ADB, need to exist. They need to create environments that are conducive to technology transfer.

This is indicative of another problem regarding technology transfer as a whole: technologies that were developed elsewhere and which are readily available for transfer have in some cases proven to be a poor fit for developing countries such as India and China. These technologies may require significant research and development before they are suitable for use in such countries — which in turn may require funds, prior technological expertise, and other such resources that developing countries may lack.

The ADB says that many developing nations suffer from a weak capacity to properly install and care for equipment, and may also have to deal with a local failure to meet the international technology standards that many developed countries are party to. Its recommendations include that technologies being considered for transfer be mature, as the more mature a technology, the easier it will be to transfer; this may also have significant repercussions upon its ease of acceptance in countries it is transferred to.

Yet another issue that has gained prominence in recent years is that of intellectual property rights. In many developing nations, these rights may not be as rigorous as would-be developed-nation donors require; these potential donors often lose interest if so, out of fear that any transferred technology might simply be used illegally. One solution includes “technology patent pools,” under which system multiple donors would share intellectual property.

Many problems must be dealt with before technology transfers can truly begin to benefit the developing nations of the Asia-Pacific region by helping them strike a balance between rapid growth and environmental impact. [ADB](#)

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North Korea's Heir to the Throne – Out of the Closet and on Display

BY DONALD KIRK

In the space of a few hours, North Korea opened a new chapter in the turbulent history of the Korean peninsula.

The new leader is a young man named Kim Jong-eun, the choice of his father, the Dear Leader Kim Jong-il, who's survived longer than most people thought possible after suffering a stroke in August 2008 but has to have had intimations of mortality.

Anointment of Kim Jong-un, Swiss-educated, an NBA fan, the youngest of three sons, first as a general and then as vice chairman of the military commission of the Workers' Party at a historic conference on Sept. 28 was the easy part. Now he's got to learn the job – and eventually perhaps craft an independent course that may take North Korea, no one knows where.

Which way will the regime go once Kim Jong-il passes on and Kim Jong-un takes charge as the third-generation leader of a dynasty established by his grandfather, the long-ruling Kim Il-sung, who died in 1994? Will the kid, no longer a kid after his debut at the party conference, swing toward reconciliation and rapprochement with the North's enemies – or will he want to flex his muscle, to show the generals how tough he is? Think about it. The country is a classic economic basket case, bereft of industry, a high percentage of its 24 million people are

always hungry, many starving and diseased. If it's got nothing else, at least it's got nukes – enough nuclear materiel for a dozen warheads, according to conventional intelligence estimates. What does the kid think? Any chance of an independent outlook?

Forget it, not as long as Kim Jong-il is alive. The first North Korean video footage of Kim Jong-eun was shot at the Workers' Party conference, the first gathering of party delegates in 44 years. There he was, the newest member of the party's central committee and vice chairmanship of its military commission, in the front row of an auditorium packed with 1,200 delegates. Distinctive in his dark blue Mao suit, he applauded dutifully, unsmiling, along with everyone else as his father waved from center stage.

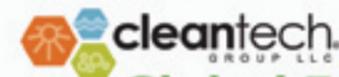
Kim Jong-eun was wearing the same Mao suit, and the same expression, as he stood among the luminaries reviewing the big parade in Pyongyang on Oct. 10, the 65th anniversary of the founding of the Party. The parade was a great chance for the world to study him, yet again in a show carried live on North Korean television, but he and his father beside him may not have been the most intriguing cynosures of the watchful eyes of experts gazing on videos of the passing show. As the camera panned on Dear Leader Kim Jong-il and son and heir presumptive Kim Jong-eun and a legion of aging generals, their chests gleaming with medals, were intimidating enough, the real question was what about all those missiles down there below them?

The long-range Taepodong, capable of

carrying a warhead as far as the U.S. west coast, was apparently not in evidence, but the mid-range Musudan definitely was – and for the first time ever in public. With a range as far as 4,000 kilometers, experts say that baby's capable of devastating targets as far away as Guam, not to mention anywhere in Japan. With North Korea showing off its missiles like an angry tiger baring its teeth, the North confirmed what was already pretty clear, that Kim Jong-eun's job will be to carry on his father's legacy of "songun," military first, amid rising tensions around Northeast Asia. If the parade meant anything, it was that North Korea is not going to behave as desired by South Korea and the United States, still pressing for the North to give up its nuclear program.

The military show may have been a chest-thumping act of braggadocio intended to disguise the country's basic weakness, but no one doubts that Kim Jong-il, whose stiff left arm and limp while walking were visible on the non-stop live broadcast of North Korean television, means to leave "songun" to Kim Jong-eun to carry on as always. While Jong-eun, in his late 20s, has yet to utter a word in public, he's sure to have gotten the idea. And whatever he doesn't know he'll pick up as vice chairman of the Workers' Party military commission, the job his father gave him, along with the rank of general, a week or two before the parade.

Kim Jong-il, however, has to worry about another problem, his obstreperous oldest son, Kim Jong-nam, who's said openly in an interview with a Japanese TV network that he doesn't believe in "dynastic succession" even if he's still willing to do whatever he can to help Kim Jong-eun, more than ten years younger than he. Jong-nam, who lives principally in the gambling enclave of Macao, made the remark in Beijing. It's been rumored that Kim Jong-il is so fed up with



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The Cleantech Group is proud to welcome you to Cleantech Focus Korea™, Going Global, Getting Smart. In 2002, the Cleantech Group pioneered clean technology as an investment category. Since then, we have been connecting cleantech innovation with capital, and leveraging our research and advisory expertise to help global corporations, investors, and government agencies better understand cleantech markets and make critical business decisions.

The Cleantech Group has a successful 9 year track record of industry leading Cleantech Forums™ and Focus™ events covering timely topics and bringing together global cleantech leaders. We are pleased to be hosting our official first event in Korea. As cleantech becomes increasingly "smart" and networked, we believe that Korea, with its rich history of innovation and technology capabilities, is well positioned to rise as a world leader in the advancement of clean technologies.

Our Agenda

Session 1 / 1st 1

8:00am ~ 9:30am

Title & Description

Registration and Networking Breakfast for Speakers & Panelists

9:30am ~ 9:50am

Title & Description

Welcome and Opening Comments

Speaker

Michael Paik, Investment Director, Samho Green Investment (5 Min)

Dr. Young Soogil, Chairman, Presidential Committee on Green Growth (15 Min)

9:50am ~ 10:20am

Title & Description

Keynote Global Innovation Trends in the Emerging Clean Economy

Speaker

Nicholas Parker, Executive Chairman, Cleantech Group

10:20am ~ 11:05am

Title & Description

Keynote Panel on Global Trends in Cleantech : Moderated by Sheeraz Haji, President, Cleantech Group

Panelist

Don Ye, Founder and Managing Partner, Tsing Capital

Dr. Joo Choi, Vice President, Booz&Co.

Gabriel Santos, Executive Director, Investment Banking Global Natural Resources AEJ Alternative Energy Sector Captain, Goldman Sachs

11:05am ~ 11:25am

Tea Break

Session 2 / 1st 2

11:25am ~ 11:40am

Title & Description

Global Cleantech Investment Trends

Speaker

Sheeraz Haji, President, Cleantech Group

Session 2 / 1st 2

11:40am ~ 12:40pm

Title & Description

Keynote Panel on Global Cleantech Investment Trend Moderated by Sheeraz Haji

Panelist

Mu-Shin Kim, Head of Private Equity at Asian Development Bank (ADB)

Dr. Eric Tao, Keytone Ventures

Ravi Viswanathan, General Partner, NEA

Nicholas Chaudron, Idivest Partner

12:40pm ~ 1:50pm

Lunch

Session 3 / 1st 3

1:50pm ~ 2:20pm

Title & Description

Keynote The Future of Cleantech Intelligence : From Smart Buildings to Smart Grids

Speaker

Greg Neichin, Vice President, Research & Advisory

2:20pm ~ 3:05pm

Title & Description

Panel of Respondents, on Smart Trends in CleanTech : Moderated by Sheeraz Haji

Panelist

Greg Neichin, Vice President, Research & Advisory

Ok Heon Lee, Team Leader of MKE (Ministry of Knowledge and Economy)

Derek Kober, Senior Vice President of Global Fluency The Global Renewable Energy and Environmental Network (GREEN)

Michael Paik, Investment Director, Samho Green Investment

3:05pm ~ 3:20pm

Title & Description

Closing Remark

Speaker

Nicholas Parker, Executive Chairman, Cleantech Group

Participants (참석대상) Government organizations, domestic and foreign institutional investors and relevant research institutions and companies 정부유관부처, 국내외 기관투자자, 유관 연구기관 및 기업 등

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him that he wouldn't mind seeing him disappear in "an accident," but the Chinese have reportedly warned him against any such thing on Chinese soil. The real danger now is that Kim Jong-il – under the influence of an aggressive Kim Jong-eun – may behave like an unguided missile. The sinking of the Cheonan, blamed by South Korea on a torpedo fired by a North Korean midget submarine, was bad enough. The biggest worry here is no one knows where the North Koreans will strike next, not even the Chinese.

As of now, there's no way for Kim Jong-eun to change policy even if he wanted to. He's constantly on guard by a core group handpicked by his father. The generals and politburo members around him are not going to let him get out of line, any more than they would let anyone get close enough to threaten his life. Besides, North Korea's propaganda machine is already building him up as a tough guy. That's why we have persistent rumors that he personally ordered the attack on the Cheonan.

That may be a hard pill for Kim Jong-eun to live up to. Much will depend on how he responds to the "protection" afforded by Kim Jong-il's right hand man, brother-in-law Jang Song-thaek, and Jang's wife, Kim's younger sister, Jong-eun's aunt, Kim Kyong-hui. The aunt, a diminutive, stern-looking woman, is there in the picture, in military uniform. She, after all, is also a newly minted general. It's hard to believe Kim Jong-eun will want to stay forever under the thumb of this aging couple. It's even possible, eventually, he will find soul mates among the generals who on his behalf may turn against their excessive influence. Not that an internal power struggle would change matters much when it comes to basic policy.

Kim Jong-eun looked poker-faced, inscrutable, as the crowd around him roared its endorsement for his father. He doesn't seem the type to reverse course. Not now, anyway. But after his father passes on? Only then, it's said, will we come to know if he has a mind of his own. The face and physique don't exactly bode well, however, for the future of North Korea's 24 million people – or for the region. Here is a kid who's got to have the puffiest cheeks in his father's fiefdom. He appears to have an incipient double chin, and he's showing signs of a pot belly that might not be good for the image in a country in which many are starving and diseased and most are underfed. Most disturbing about Jong-eun is the set of his mouth and hands – truculent, impassive and cold. It takes only a small stretch of the imagination to see the kid ordering hangings and shootings, mysterious "car accidents" and, certainly, imprisonment and torture, just as his father has been doing for years.

Now that the kid has come out of the closet, in living color portraiture for the first time before his own people and the world, we can be pretty sure of two things: North Korean policy is not going to change, at least for the better, and he is for now a prisoner of the generals and politburo members sitting beside and in front of him in the official first photo released by North Korea.

That seemed obvious from his position between two generals – or rather a general

Much will depend on how he responds to the "protection" afforded by Kim Jong-il's right hand man, brother-in-law Jang Song-thaek, and Jang's wife, Kim's younger sister,

and a vice marshal. The vice marshal, Ri Yong-ho, was to his left, between him and his father, at the end of the first row of the group photo of the new line-up of politburo members. Technically, the kid should have been dressed up just like the generals and vice marshals. Isn't he also a general, newly designated by his father, on the eve of the party conference? In fact, he and Ri, at 68 at least 40 years older than he, are not only on the top rung of the armed forces but vice chairmen of the newly formed military commission of the Workers' Party. They got those posts at the conference at which the politburo was named – evidence, if any were needed, of the predominance of the armed forces and the fervent belief in "songun," military first.

Together, these two, the marshal and the kid, should be working out plans and policies to drum up the fighting spirit of North Korea's 1.1 million troops, four million reservists and millions more who are either veterans or students waiting for the call to arms. There are, however, a few critical differences other than the age gap. General Ri, a graduate of the North's military academy, has dedicated a significant portion of his long career to commanding the army's training schools, which have to be among the world's toughest. These are institutions in which slaps and beatings and worse are the norm, and no one's going to raise an outcry if some poor recruit never gets up again.

Kim Jong-eun went to Kim Il-sung University, named for his grandfather, the long-ruling founder of the Kim dynasty, but he actually never had to go to class. Rather, he was home-schooled, tutored in one of his father's residences. Nor is it likely he ever had to go on a 20-mile run or do 100 push-ups, much less fire a weapon, though he must have done some sports while attending an elite private school near Berne, Switzerland. He's known to love basketball, as both a fan of the NBA and a pickup player in games in which his older brother, Kim Jong-chul, the one deemed too "feminine" by their father and passed over as heir to the throne, played on the opposing team.

Clearly, though, Kim Jong-eun has a uniform that's actually far more distinctive than those of his comrade generals with their medals and frying-pan hats. He's garbed in a simple Mao suit, a dark blue, almost black, outfit that looks a little like the beige numbers that his father favors. The first photo, and the video that North Korea released a few hours later, provide not just clues to character and policy – they're fash-

ion statements too. From now on, he's got to show up in some variation of the Mao outfit, even if civilian officials are all wearing dark grey suits and the other generals are decked out in uniforms blazing with medals and ribbons.

One message of the picture, though, is that Jong-eun is not quite there yet. He's a dictator in training. He's not even on the politburo. Rather, his father, the party general-secretary, placed him one rung below, on the party's central committee. He's surrounded by his superiors, politburo members. That provides some incentive for him to prove he's worthy of rising to their level, some day to bossing them around – but not quite yet. These stolid party types, most if not all of them well known for years, are not likely to let the kid get away with much. They've got to nurture and protect him, to make him feel he's got some ideas and is calling the shots, whereas his father and the elders around him remain at the center of power.

Marshal Ri's job is to lead the kid around, show him how you control one of the world's biggest military establishments. Above all, he and his colleagues need to fill him in on those weapons of mass destruction, not just nuclear warheads but the chemical and biological ones that everyone forgets about while trying to get the North to return to talks about its nukes. It wouldn't do to have the kid take charge of the whole show and start pressing the wrong buttons. Actually, the posts of vice chairmen of the party's military commission are relatively meaningless. The real center of power is the National Defense Commission, chaired, of course, by the father. In other words, the party military commission is a training school for the real thing, and Marshal Ri is the teacher and the kid the lone student.

Kim Jong-eun has some other teachers as well. Right down the front row from him in the picture at the party conference was a slim and trim little lady in a dark olive-drab uniform, no medals or insignia but plenty of rank. Aunt Kyong-hui, Kim Jong-il's sister, 64, four years younger than the Dear Leader, a general like Jong-eun, may not command troops, but she does command her husband, Jang Song-thaek, and that's what counts. If Jang's going to rule as a regent after Kim Jong-il goes, he'll have to run whatever he does by General Kim Kyong-hui, also named to the politburo. She's got the rank, in the armed forces and the party, though he does exercise plenty of power in his own right as a vice chairman of the National Defense Commission.

Like good teachers, Kim Jong-eun's elders and betters in the party and the army will want to make sure he's in on the decision-making process. They're believed to have spread the word, filtered through contacts to South Korea, that he was responsible for conceiving the heroic attack in March on the South Korean corvette the Cheonan, sinking it in minutes with a loss of 46 lives. Not so, in the view of knowledgeable analysts. The attack was engineered by a few top generals, also named to the party's military commission. The kid is getting the credit, though, all part of the build-up for the day when he's ordering everyone around regardless of rank and experience, when he's broken the bonds of paternal power, and he's able to plot such mayhem on his own. [A-P](#)



Currency Wars – The Fighting Goes On

BY DONALD KIRK

U.S. President Barack Obama's whirlwind tour through Asia reached a crescendo at the Group of 20 world leaders in Seoul on Nov. 11-12 at which he exercised his best oratorical skills to explain away an unmistakable sense of disappointment.

"Instead of hitting home runs," he told journalists, "we're hitting singles." The baseball analogy might have appealed to Koreans, Japanese and Taiwanese, but it was hard to see all that much progress in a final declaration that fell far short of the key goal of redressing currency imbalances.

The frustrations were just as evident the next day in Yokohama, where Obama attended the summit of Pacific Rim leaders of APEC, the Asia-Pacific

Economic cooperation group. By the time the meeting ended, skepticism if not cynicism had become the motif of the mission. The final statement of the APEC group was a masterpiece of obfuscation in which the group expressed its commitment "to maintaining open markets and fighting protectionism."

Then there was China's President Hu Jintao, as skilled as anyone in parrying demands for China to place a realistic value on its currency and stop dumping cheap goods on world markets, notably the United States. Unlike Obama, who specifically cited China's habit of depreciating the value of its currency by large infusions of funds, Hu in Yokohama said simply that the danger of protection was rising "notably." He did not have to name the United States though lesser officials have not hesitated to do so. And, in a bow to all the talk about global imbalances, a code term for inequitable exchange rates, Hu said that the recovery from economic crisis had not been "firmly established." Nor, he said, was it "balanced."

By the time Obama and Hu got to confront one another across the table yet again at APEC, the day after the windup of the Group of 20 in Seoul, Obama had already lost the major battles of the whole trip. First there was the disappointment of the failure to come to terms on a Korea-U.S. Free Trade Agreement that was completed in the waning months of the presidency of George W. Bush but still needs ratification by

Increasing Social Alienation in Korea

BY BRYAN KAY

Clinging to one another in a tight embrace, the chilling image purporting to show a 43-year-old man and his 11-year-old son moments before their untimely deaths encapsulates the tragic reality of life in modern South Korea.

The grainy CCTV grab released in mid-September showed the moments before they became the latest statistics in what has rapidly become the country's most glaring social ill: suicide.

According to the latest central government statistics, the number of people taking their own lives in South Korea has more than doubled in the past decade.

With the records showing that the figure now stands at 31 per 100,000 people, the northeast Asian economic powerhouse is considered to have the highest suicide rate in the world – more than neighbouring Japan, the state perhaps most popularly associated with a high incidence of suicide.

According to reports, the case involving the father and son came as they were struggling to come to terms with the death of the child's mother from cancer last year, with the inference the act – involving leaping from a bridge – was a joint decision.

But the tragedy, occurring just days after World Suicide Prevention Day, also sparked online debate over whether the incident should have been referred to as a double suicide as reported, with one commentator arguing that it be labelled a "murder-suicide."

"I think the biggest problem is that suicide has become more prevalent and socially acceptable in South Korea," said another. "Didn't there used to be some social stigma associated with suicide?"

Such words do not appear to ring hollow. Earlier this year, the National Police Agency revealed there were a staggering 40 suicides daily in 2009 – some 14,579, which was up nearly 20% from the year before. Worse, education ministry figures suggested the rate among schoolchildren was soaring.

In the cases where motivating factors could be found, the most common reasons cited were economic, domestic and love life pressures. Increasing unemployment has also attracted the finger of blame.

While some of the government authorities have often been reluctant to pinpoint a single root cause when asked to explore the issue in more depth, others have noted the societal pressures to succeed and stay ahead of the pack that have come with South Korea's meteoric rise from the pits of poverty in recent decades. Once a country whose economy was ranked alongside poor African and southeast Asian nations, it now boasts the world's 15th largest economy.

"In this fiercely competitive society, we

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Somehow, Obama believed, there must be a way “to find a sweet spot that works for both Korea and the United States.”

Congress. The U.S. special trade representative Ron Kirk said after a long lunch discussion between Obama and South Korea’s President Lee Myung-bak that U.S. officials still were not happy about differences over the huge disparity in market access for the American motor vehicle industry.

South Korean experts were shocked, as were many foreign observers. “It’s a big disappointment we didn’t get the FTA,” said Jang Ha-sung, dean of business at Korea University. “Korea has done much for its own share.” Jang said he had “no idea” on what issues the deal was stuck, and “they’re not revealing” the reasons, but U.S. manufacturers cite a long list of standards, requirements and taxes that discourage U.S. imports. The devil is definitely in the details when it comes to the results of a two-day talkfest among some of the world’s most powerful leaders.

Lurking within the fine print of the summit leaders’ declaration issued by the Group of 20 was the sense that no one is committed to doing anything about the imbalances that are the primary concern of the United States and others suffering from huge deficits at the hands of China and other nations with huge trade surpluses. All the leaders, ranging from Obama to Hu Jintao could agree that “uneven growth and widening imbalances are fueling the temptation to diverge from global solutions into uncoordinated action.” And they all agreed that “uncoordinated policy actions will only lead to worse outcomes for all.”

The problem, though, was how to get beyond that platitude and on to the action that would seem appropriate in what some, notably the Korean host, would like to go down in history as the Seoul Action Plan. The leaders seemed to have missed that goal as they went on to reveal a plan that included a “commitment” that was obviously not a commitment at all. They would, said their statement, undertake macroeconomic policies needed to ensure ongoing recovery and sustainable growth and enhance the stability of financial markets. Nor would the Chinese, the Germans and others object to the equally vague resolve to move toward “more market-determined exchange rate systems” while “enhancing exchange rate flexibility to reflect underlying economic fundamentals and refraining from competitive devaluation of currencies.”

Obama was considerably more specific in singling out China while remaining as diplomatic as possible under the circumstances. “We welcome China’s rise,” surely “good for the world and good for America,” he said. “It’s good to get people out of poverty.” There was, however, one problem. “The issue of the renminbi is an irritant not just to the United States but to a lot of trading nations.” China, he observed with surprising frankness, “spends enormous amounts of money interfering in the market to keep it undervalued.”

That remark seemed almost like a warning of the danger of protectionist measures by the American Congress if the Chinese fail to increase the value of their currency. Obama shrugged off the view of the Chinese and Germans, shared by many, that the United States was depreciating its own currency, instigating volatility on world financial markets, by a scheme for the U.S.

Federal Reserve to buy \$600 billion in Treasury bonds in order to overcome enormous deficits. “This decision was not designed to have an impact on the dollar,” he said. “It was designed to grow the economy.”

There was no doubt Obama’s one-on-one meetings with Hu and Germany’s Chancellor Angela Merkel had been superficially cordial, but there was also no doubt that he had not convinced them to do much about reducing their surpluses. No one here seemed to want to bring up the American suggestion for keeping their trade surpluses within four percent of current accounts surpluses – an idea that was shot down at the meeting of finance ministers in October.

If currency imbalances were the most urgent topic facing the Group of 20, the issue of the Korea-U.S. free trade agreement was equally important from the American viewpoint. In a sense the FTA issues were a microcosm of the greater problems of overall imbalances in trade. Here too the devil is definitely in the details that create the overwhelming imbalance between Korean motor vehicle exports to the United States and U.S. exports to Korea. “A lot of countries including South Korea depend on exports,” said Obama. “They want to see us grow” – that is, to be able to spend ever more on imports from Korea and elsewhere. He was not, however, “interested in trade agreements just for the sake of trade agreements.”

Somehow, Obama believed, there must be a way “to find a sweet spot that works for both Korea and the United States.” Both he and Lee agreed that negotiators would work out “technical issues” besetting final approval of the FTA. Obama, who had opposed the FTA when he was a senator from Illinois in search of the presidential nomination in 2007, reminded Koreans of opposition by both workers and manufacturers in the United States to a deal that many fear would encourage an ever rising flood of Korean cars and trucks – and endanger the whole U.S. industry. “It’s important to take the extra time” on negotiations, he said. “I’m assured it’s a win-win for American workers and Korean workers.” But he added, “there are a lot of suspicions” since “some of these deals may not be good for America.”

The failure to come to terms on FTA was a bitter disappointment to some of the prime advocates, including the United States Chamber of Commerce, which remains convinced the agreement will encourage a major increase in two-way trade. The fear is that the FTA may still not get through a recalcitrant Congress. Globally, though, the greater fear is the international currency wars will intensify while emerging-market countries line up behind China and others in criticizing U.S. financial policy and pressure.

That criticism was implicit in the lead-

ers’ statement that observed that “advanced economies” would be “vigilant against excess volatility and disorderly movements in exchange rates” – and “help mitigate the risk of excessive volatility in capital flows facing some emerging countries.” That was one way of holding the U.S. responsible for some of the world’s financial ills while removing some of the blame from China and others.

Obama, however, implied that protectionism was still a risk. Countries with large surpluses must shift away from depending on exports,” he said. “No nation must assume the road to prosperity depends on exports to the U.S.” Bottom line: “We will continue to watch the appreciation of Chinese currency.” At Korea University, however, Dean Jang sympathized with the Chinese view. The dollar, he noted, is going down in value as a result of the Federal Reserve Bank’s decision to buy \$600 billion in Treasury bonds. The U.S. view, he said, might be a problem.

Lee Chang-choon, a former Korean ambassador to a number of countries, was more critical. “Obama has been losing clout” since the congressional elections in which the Republicans won an overwhelming majority in the House of Representatives. “He is counting down to his last days.” Lee laughed at plans by President Lee to ballyhoo the summit as a great event in modern Korean history. “The Lee government is making a continued press campaign,” he said. “They are so eager to celebrate the success of G20. We are living in a very strange period.”

Chosun Ilbo, Korea’s biggest newspaper, adopted a skeptical view as well. “Concrete agreements have been put off,” said the paper. “For Korea as the host, the results leave something to be desired.” The paper, in an editorial, questioned G20’s real future: “It remains to be seen whether the G20 will truly become the world’s top economic decision-making body because consensus about the economic crisis and a sense of urgency among G20 countries are diminishing.”

If nothing else, however, the APEC leaders did bring new sets of initials to the fore. Look out for FTAAP, Free Trade Area of the Asia Pacific. The idea, as APEC potentates agreed, was one vast “free trade area” that will the eastern with the western rims of the Pacific. “Now is the time for APEC to translate FTAAP from an aspiration to a more concrete vision,” they decided. “We instruct APEC to take concrete steps toward realization of an FTAAP.” It might be far too early to expect that one to get very far, but leaders privately agreed that the Doha round of World Trade Organization negotiations is dead. As an Australian banker on the APEC Business Advisory Council remarked, “We’ve moved past Doha”—the scheme for breaking down trade barriers that trade gurus meeting at Doha nine years ago had hoped to turn into reality.

But what’s next? Here’s another set of initials mooted at Yokohama – TPP for Trans-Pacific partnership. Might TPP a substitute for the Korea-U.S. Free Trade Agreement – and perhaps a device for curing global imbalances? Optimism was not rife, but be prepared to hear those initials over the next few years of “currency wars” that continue to rage after all the talking is done. **A-P**

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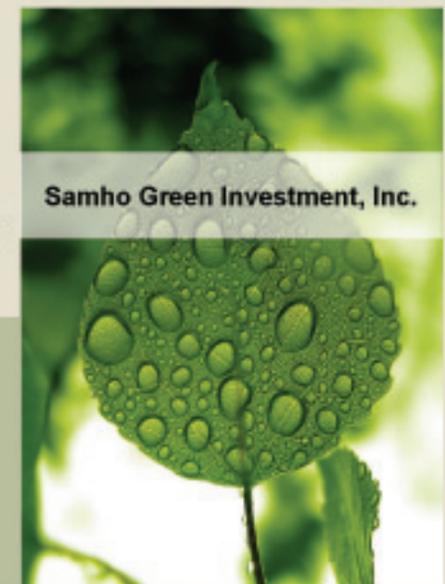


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How the Japanese Machine Tool Business Adapts

Adrian Jones meets with Shin Kishioka of ITA Inc. and discovers that such perseverance is beginning to pay off for the Japanese machine tool business as it fights its way back to profitability.

BY ADRIAN JONES

The Japanese saying *Ishi no ue ni san nen* (“Three years on a stone”) is a traditional encouragement to persevere through difficult times.

For over 20 years, Chicago-based ITA Inc. has provided a vital bridgehead into the U.S. for numerous Japanese companies, and a channel allowing American and European businesses access to Japan’s lucrative domestic market. As a Japanese-run business in the U.S., the company’s position – both culturally and geographically – affords it a unique perspective on the global manufacturing industry. A vantage point from which ITA’s president, Shin Kishioka, was an eyewitness to the devastating impact of the global recession on the international automotive industry and the knock-on effects that had for machinery sales in his native Japan.

As a result, Kishioka is keenly aware of just how much the machinery business in both the U.S. and Japan suffered during the recession. But a visit to the recent In-

ternational Machine Tool Show in Chicago has convinced him that the green shoots of re-growth are firmly established. “Total visitor registrations had already topped 80,000 with two days of the event left to run,” Kishioka said. “The mood among visitors and the 1,100 exhibitors seemed distinctly upbeat. Many of the people I spoke to at the show had a very positive business outlook, with recent modest sales increases in the 30-40 percent range being a typical response.”

But while the overall positive feeling of the show might be encouraging, the public smiles of many exhibitors only barely cover the trauma of recent, painful memories. Thanks in large part to the almost overnight evaporation of demand from the automobile industry, Japanese machine tool manufacturers in particular have suffered a savage mauling. According to the Japan Machine Tool Builders Association, Japanese machine builders saw sales plummet – in 2009, decreasing by almost 60 percent domestically and close to 65 percent overseas. The news today is more positive: the first half of 2010 was up 107 percent for domestic and over 360 percent for overseas sales.

With a sense of relief that the worst is perhaps behind them, has come the realisation that the tumultuous effects of the recession have wrought permanent changes

in the business landscape.

While the Japanese automotive and precision machinery sectors were the quickest to rebound from the downturn, the effects were so severe that they are still far from regaining 2008 sales levels. The Japanese yen has sky-rocketed about 40 percent in value, making it much harder for Japanese companies to compete effectively overseas. The unstable world economy has caused overheads and costs to fluctuate wildly; for example, fuel/logistics by 15-20 percent, raw materials by 20-30 percent and some steel prices spiking close to 50 percent at one point. With international demand and raw material costs in such a chaotic state, the performance of both markets and supply chains has become erratic, making it almost impossible for mid-sized and smaller manufacturers to manage production and sustain profitability.

Japan’s machine tool business, like its automobile industry, has been a key element of its global economic and industrial strength for many years. “Traditionally, Japan has been at the heart of manufacturing business,” says Kishioka san. “For many years, its machine tool industry has been regarded somewhat as the world’s industrial delicatessen – renowned as the leading source of the very high-end, sophisticated machine tools

which have underpinned high-quality precision production processes for decades.”

While most actual manufacturing activity connected with automotive and precision production has now passed to manufacturers located in emerging economies, the machine tool builders had until recently retained a position of strength. However, recession and changing consumer demand is reshaping the needs of industry, and with it, its machining requirements.

Case in point is the rapid growth in demand for hybrid and electric vehicles; growth that can only come at the expense of conventional automobiles. Kishioka foresees the effect this will have. “As there will be a diminishing need to manufacture engines requiring large amounts of machining, this will inevitably result in substantially fewer tiers of suppliers and less parts required. Less sophisticated manufacturing means that the qualities of machine tools can be down-graded to serve a more commoditised manufacturing model. These are major new trends/issues to which Japanese manufacturers must respond.”

Far from being a distant prospect, these changes are happening right now. “Certain markets now only require downgraded versions of machine tools and/or components,” comments Kishioka, noting that less sophisticated, but lower-priced tooling is more effective at serving the requirement for simple parts manufacturing. As a result, there has been a rapid proliferation of these “Grade B” machine tools; simpler products with competitive pricing to meet the evolving needs of manufacturing globally.

The other major force reshaping demand has been the migration of manufacturing industry outside of Japan to low labour-cost countries. With their key markets no longer being domestic ones, machine builders and their suppliers have been forced into the difficult position of choosing to follow business overseas or become uncompetitive. But it may be that the growing market for machines that combine simplicity with Japanese know-how may yet prove to be the industry’s salvation. “For machine tool manufacturers,” said Kishioka. “The production tooling and heavy components required does not make the prospect of a highly mobile or highly diversified manufacturing base a realistic one. However

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strive for success in education, employment and financial stability,” noted psychotherapist Yoon Sung-min in a recent column.

A possible cause, he suggests, could be a prevailing fear among Koreans to seek treatment for depression due to the societal stigma attached to mental health problems.

“As mentioned in the series of suicides among celebrities, mental health issues are mainly responsible,” says Yoon. “Although many mental health problems are preventable and curable, only a few affected find the courage to go and see a psychiatrist or other qualified mental health professionals. This conscious or unconscious resistance is triggered by the stigma attached to mental health issues as well as by the presence of discrimination.”

There is growing concern among gov-



Shin Kishioka

there is a case for modularisation, and the evolution of Grade B products may just give Japanese manufacturers a route to achieve that profitably, while retaining their main skill base in Japan.”

The pressure towards achieving lower costs through off-shore sourcing and commoditisation is relentless. It means that today, most of the mid to low-end range machine tools from Japanese companies are produced by foreign contractors. But while this is enabling these companies to stay competitive at one level, a great deal of R&D effort is also being expended in Japan towards the development of the next generation of high-end machines; highly automated, 5-axis machines featuring sophisticated application software, high-quality vision systems and advanced artificial intelligence.

Through the advancement of such technologies, it may well be that future industrial historians will one day associate the present period with the end of the golden age of global outsourcing and the twilight of human involvement in the manufacturing process. One leading Japanese manufacturer, for example, has automated its production to such a high level of sophistication that there now are virtually no humans working in its factory at all. As a result, its machine production costs are

now actually cheaper than overseas-made alternatives. The highly-automated process means that its core know-how and IPs are kept securely in-house and its business now revolves around supplying component products to other manufacturers as OEMs, with mass production making the price extremely competitive.

“The world of manufacturing has been through a period of rapid change, and I don’t think we’ve yet seen the end of this period of turbulence,” warns Kishioka san. “It has been a very tough time, but there are clear signs that new markets and new opportunities are emerging, and the Japanese machine tool industry is far from disadvantaged when it comes making the most of these new opportunities.” While traditional markets like automotive are declining, new ones are emerging. “Europe and the US are developing as key markets for green technologies, high-end medical devices and other high-technologies,” comments Kishioka san. In response, Japan is nurturing the next generation of industrial expertise in order to sustain and retain its leading position in fine precision machining and automation. “Although, machine tool sales are heavily monitored and restricted by the Japanese government in certain overseas markets, the machine tool industry’s repertoire of applications is steadily expanding with new opportunities, and it’s clear that machinery manufacturers will have a big role to play in innovating and developing the applications that will define tomorrow’s industry.”

About ITA, Inc.

ITA, Inc. is a Chicago-based company providing a broad range of corporate marketing, international trade, technology support and business consulting services to European, American and Japanese companies. Having worked closely with manufacturing industry in both hemispheres for over two decades, ITA is well positioned to observe the changes in international manufacturing and the factors underpinning them.

COMPANIES MENTIONED IN THIS ARTICLE

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ernment officials, academics and ordinary members of the public that this explosive growth in suicides is linked to a recent spike in cases involving those in the public eye.

Within the last two years, a slew of pop stars, film icons and even a former president have chosen to end their own lives. The case of the latter was perhaps the most dramatic. Last year, Roh Moo-hyun, the head of state immediately before incumbent president Lee Myung-bak, threw himself off a cliff near his home amid a high-profile corruption investigation.

Experts say copycat suicides have followed.

“We suspect that the surge last year has something to do with a number of celebrities and well-known people taking their own lives,” says Kim Dong-hoi of Statistics Korea.

“We are concerned with the way the

media reports these cases. They have to be more considerate about the impact of those news stories on the people. There are a lot of people who will kill themselves with just a little motivation.”

For some observers, the motivation behind many of the incidents often appears arbitrary. But, in others, perilously young children have chosen to bring their nascent lives to a premature close amid apparently extreme educational pressures.

Calling teenage life in South Korea “far from a blessing”, a Korea Times editorial took aim at the government for not applying long-term solutions to the suicide ailment. An “increasingly materialistic society,” the newspaper said, and the “rapid break-up of traditional families” aligned to what it blasted as an “inhumane education system focusing on training for test-taking robots” were the key to teen despair.

Group Purchasing in China: Come One, Come All

BY ANURAG SHUKLA

The phenomenon that U.S.-based Groupon has enjoyed is hardly unique to the West. Group purchasing was initially a Chinese concept.

In China, group purchasing organizations, or “tuangou,” have been popular for some years, and some of the most popular tuangou organizations today are those that have taken their business online.

These kinds of organizations work in one simple way: as their name suggests, they use the purchasing power that only a group of buyers can exercise to purchase a wide range of goods such as food, appliances, clothes and even cars, at costs significantly lower than their retail prices.

Tuangou used to be performed by groups of buyers who would decide to meet and make arrangements to approach a retailer and offer to purchase certain goods in bulk. As more and more Chinese buyers have been purchasing a wider variety of goods via the tuangou model, however, many companies, such as the electronics chain Gome, have begun to deal directly with such groups. In addition, in recent years, there has been an upsurge of professional websites offering tuangou services. The popularity of tuangou is such that many retailers claim to feel like they have little alternative but to participate for fear of losing out to competitors.

One of the factors contributing to the rise of these Chinese tuangou websites is that the increasingly widespread and pervasive nature of the Internet has made it exceedingly easy for these sites to both publicize their services and set up venues for both potential and actual customers to interact with other customers and arrange future pur-



FACTOIDS

- Deng Huanjin, CEO of one of the top Chinese group purchasing sites, Qeeka.com, announced that Qeeka.com has obtained an investment of \$15 million from foreign sources.
- The People's Daily Online says that group purchasing can lower prices by an average of 15 per cent vis-à-vis regular purchase prices.
- A report by People.com.cn says that creating a site that offers services similar to Groupon can be built for just 10,000 yuan.

chases. But in addition to this, professional websites are able to manifestly increase the quality of tuangou purchases by being able to negotiate prices for shopping groups, being able to guarantee a high quality level of both products and customer service, and offering companies and retail organizations very valuable insights and market research — a window into the hearts and minds of tuangou buyers.

As befits such a dynamic segment, more and more group purchasing sites are jostling for customers' attention, some of which appear to be following in Groupon's footsteps and becoming successes in their own right.

Qeeka.com is another popular site, boasting more than 1 million registered users around China, and catering to their needs with more than 500 employees stationed in over 20 branches all over the country, and other big players include Lashou.com, Meituan.com and Mituan.com. Established Chinese online players are also jumping on the group-purchasing bandwagon, such as the top Chinese social network in China, RenRen, whose group purchasing site is called Nuomi; the online retail marketplace Taobao; and the Yelp-like service provider called Dianping. [A-P](#)

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Companies Look to Disabled Persons to Reduce Turnover

BY PRIYANKA SHARMA

The word attrition is used to describe a decrease in workforce via the process of retirement, resignation or even death.

The attrition rate is the shrinkage ratio for the number of employees. In recent times, cost cutting measures have

been incorporated in various transnational corporations or by hiring disabled or “differently able” individuals. The advantage that they get here is lower attrition rates.

To ensure a consistent rate of attrition, many transnational corporations have resorted to hiring beyond the conventional areas of employment. This is done by hiring more physically challenged employees along with housewives and retired personnel, especially from the armed forces. Higher attrition rates have been at-

tributed to factors like work schedules or timing, salaries and of course motivated career goals.

Transnational corporations can reduce the haywire and chaotic costs of hiring and losing employees by selecting physically challenged individuals for the assigned tasks. It is true that the bills of any company increase and billing rates decline due to erratic resignations.

As per the DWA or Disability Works Australia, employees with disabilities have higher safety records and atten-

FACTOIDS

- The ADA estimates that almost 43 million Americans suffer from some physical disability.
- Assistance for hiring the disabled is also available through ADA's Regional Disability and Business Technical Assistance Centers and U.S. Department of Labor's Office of Disability Employment Policy.

dance percentiles. Pizza Hut has a “Jobs Plus™” program with 3,000 employees with disabilities in their total workforce of 68,000.

The BPO Sector

This trend is mainly seen in the BPO - or the business process outsourcing industry. The sector has faced immense challenges in retaining their employees and also finding quality human resources. The average attrition rate for this industry is about 50 percent, which is higher than the average 18 percent attrition rate for regular companies in India. The average attrition rate of U.S based companies is around 42 percent. Even though the attrition rate in the U.S is growing at an alarming rate, MNC's have found a new way to curb this increasing level.

Mercer India believes that the BPO sector should focus more on employing physically challenged people. The physically challenged individuals have lower rates of resignations and retirements. On the whole, they are restricted to certain designations, which restrict their career motivations. Job satisfaction rates are higher and thus the attrition rates are reduced.

Analysts state that the attrition rates fluctuate by almost 20 percent-40 percent in many companies, with the average of at least 15 percent for larger companies. As per the Nasscom report, the outsourcing industry could be facing a shortage of at least 262,000 employees by the year 2012. Statistics compiled by the National Human Resource Development Network show that attrition rates for the IT-enabled process outsourcing businesses have been lowered to almost 25 percent.

Physically challenged individuals are hired now via a special task force. This task force addresses issues of short-term challenges like attrition along with long-term situations of assembling a talent pool. MNC's are rewards and bonding programs, flexible hours of working and a more scientific and analytical approach. The attrition rates are drastically affected by monotony. Combating it and making the job interesting is another vital factor. [A-P](#)

COMPANIES MENTIONED IN THIS ARTICLE

- **Nasscom**
- **Mercer India**
www.mercer.co.in
- **Pizza Hut**
Singapore
- **Pizza Hut**
Dallas, Texas

How Tigers Influence Business in East Asia

BY VIBHU SAXENA

The highly developed economies of Hong Kong, Singapore, Taiwan and South Korea constitute the Asian tigers.

These countries are noted for having exceptionally high growth rates coupled with rapid industrialization from the early 1960's through the 1990's. Currently in the 21st century, these economies are considered as advanced high income economies. This gives them the power to influence the business market of the Asian Cub economies.

All four countries have highly educated and skilled workforces, which is

FACTOIDS

- There has been a change of 22.6 percent in the total trade of Singapore in 2010 as compared to the same period in the previous year.
- Taiwan was the recipient of U.S. aid in the 1950's and 1960's. Currently the economy is so strong that it gives aid to several other nations. The country exports comprise of 98 percent industrial goods.
- The market economy is ranked 15th in the world by nominal GDP and 12th by Purchasing Power Parity.

truly reflected in their rate of growth. Each country has specialized in an area in which it had a competitive advantage. Hong Kong and Singapore have thus become the international financial centers whereas Taiwan and South Korea are the information technology centers. The success stories of these economies are known as “Miracle on the Han” and the “Taiwan Miracle.” These success patterns also serve as role models for the Tiger Cub Economies.

Characteristics of Tiger Economies

The tiger nations worked on an export driven model of economic development. This model abandoned the import substitution and focused on exportation of goods to the highly advanced industrialized nations. This policy put a restriction on domestic consumption through high tariffs.

Internally, the four nations had a great deal of emphasis on the education of their citizens. They saw education as a tool of growth and made several reforms in the educational policies of the country, like providing elementary and compulsory high school education. Investments were made to improve the college and university systems. As a result, the Asian tigers gradually produced highly skilled and educative workforces.

This in turn was reflected in the rise in productivity and exports. Some of the common characteristics of all the four nations are:

- Exports to richer industrialized nations
- Creating a trade surplus with the richer countries
- A sustained double digit growth rate for decades
- Significant amount of U.S. Treasury bond holding
- High rate of savings
- All the countries had non democratic authoritarian political system in the early years.

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Outsourcing Industry Looks to New Markets

BY YASHIKA DHINGRA

The outsourcing industry in Asia has matured over the years, with major players like India, China and the Philippines accounting for about 75 percent of the global outsourcing revenues, growing at an annual rate of at least 30 percent.

Several companies have gained 40 to 60 percent savings from transferring non-core business processes to these Asian providers, giving more dexterity and competitiveness in the global economy.

However, the recent global economic crisis created a significant negative impact on traditional markets for Asian outsourcing companies. In the United States, industry specialists and legislators are now more inclined to limit American corporations from outsourcing business processes to offshore providers in a bid to protect jobs. Aside from this, companies are also reevaluating their efficiencies as well as rethinking the way they do business and making clear assessments as to whether they can survive without outsourcing.

With this on the horizon, Asian companies involved in the outsourcing industry are now looking to open doors for new markets and industries, particularly in the Asian, European and Latin American regions where the global financial crisis has not taken as heavy a toll, as well as looking within their own geographical boundaries and for new market opportunities.

The Asian Advantage: Why Outsource to Asia?

India in South Asia is the predominant center for offshore outsourcing in Asia, followed by the Philippines and now China. Aside from these countries, major outsourcing destinations include other Southeast Asian countries like Malaysia, Vietnam and Singapore. Asia is home to a large English population. Coupled with the technical skills and competencies exhibited by trained technical graduates at labor costs that are much more competitive than Western countries, makes this region the ideal destination for outsourcing non-core business processes for many industries.

Silicon Valley was the first to jump on this bandwagon as early as the late 1980s when many companies began offshoring software development and coding work to outsourcing firms in India. Cost was the main reason; companies saved a significant amount of money while generating quality outputs. Soon, other low-cost but highly skilled IT service providers began emerging in countries such as the Philippines, which also offered other types of services such as call centers, help desks, business process outsourcing, financial and accounting processes, and human resource management.

It was only a matter of time before other companies, from small and medium enterprises to large Fortune 500 conglomerates began harnessing the services offered by

outsourcing companies in Asia. These companies not only enjoyed significant savings with outsourcing, but also stress-free management of outsourced processes exhibited with high quality and professional work. Not only did they gain considerable revenues, they also gained greater flexibility and competitiveness in their industries.

The Asian outsourcing industry, despite the significant downturn in their key markets in the United States, reflected superb stability despite this gloomy economic outlook. In fact, the industry still reflected significant growth such as the 12 percent upswing in India despite cutbacks from U.S. and European markets, and the 70,000 employment increase in the Philippines during the height of the economic crises in 2008 and 2009.

Another advantage of harnessing the Asian outsourcing industry for business processes is the virtual invisibility that outsourcing firms offer their client companies. Such is the case for clients in Europe where companies avoid being associated with outsourcing in the open for fear of backlash from employee unions.

New Markets for the Asian Outsourcing Industry

Asia's outsourcing industry is exploring new markets and trying to open new doors where outsourcing companies can extend and offer their services for a wide variety of business processes that includes but are not limited to:

- IT Solutions
- Accounting, Tax processing, and Debt Collection
- Data Collection and Report Writing
- Human Resource Management
- Healthcare and Benefits Processing
- Supply-Chain Management
- Customer Service/After-sales Service

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- Research and Development
- Risk Management
- Sales and Marketing
- Strategic Planning

Following are some of the new markets outsourcing companies in Asia are exploring, which includes both local and international destinations where new doors for global outsourcing can be opened.

China

It has been a widely accepted belief that companies and businesses in Asia such as in China and India, which have no substantial problems on labor and operating costs, would have no need to outsource their business functions. But cost-cutting is not the only benefit of outsourcing and companies would enjoy other advantages such as enhanced competitiveness, access to the best global practices, greater flexibility and the ability to focus on their key or core business processes.

More and more Chinese companies that are benefitting from the economic boom that China enjoys are now more open and receptive to outsourcing some of their business functions to either local outsourcing firms in China or to more established outsourcing companies in other Asian locations.

India

The local market for business process outsourcing in India has actually grown by more than 50 percent during the last five years, and has actually generated revenues of up to \$1.6 billion. This is in line with the prediction of Ernst & Young that the local BPO market in India has the potential to have an average growth rate of up to 38 percent, which will eventually reach \$6 billion by 2012, with a still untapped market potential between \$15 billion to \$19 billion.

Key local growth markets for the outsourcing industry in India includes: airport/port modernization; metro rail development; oil, gas, and water distribution; smartcard deployment; and State Wide Area Network projects, among others.

Europe

Europe has been lagging behind the United States in outsourcing identified functions to offshore providers in Asia. However, the global financial crisis makes outsourcing a viable option for European companies to cut back on costs and remain competitive. Companies such as Wipro, Tata, and Infosys are penetrating the German and European markets and have even expanded and established sales and marketing offices in these countries.

The German and European outsourcing market is expected to increase between 7 to 10 percent. Many of this will be focused not only in the banking and financial-ser-

vices, but also in the automotive, chemical and telecommunications industries.

South America

Outsourcing companies are also looking for new markets in South America with firms like Tata, Wipro and TCS setting up global delivery and IT centers offering lucrative software and maintenance services. Establishing these centers is a way to address the variable time-zone issues between their main operations in India and the host market. Not only that, these centers are also intended to increase the trust and confidence of government organizations that are often skeptical about sharing proprietary information to Indian companies.

Industries Opening Doors to Asian Outsourcing

Aside from the geographical destinations that are opening doors to outsourcing companies from Asia, these companies are also looking towards providing services to other industries that were not traditionally being outsourced to Asian destinations. Some of these industries and market opportunities include:

Knowledge Process Outsourcing

KPO or Knowledge Process Outsourcing is believed to be the next big thing for the outsourcing industry, which is expected to generate \$12 billion for India and another \$5 billion for other outsourcing providers in Asia. Based on the term itself, knowledge process outsourcing involves an extensive knowledge of key business processes that would require expertise, greater analytic skills and judgment capabilities related to the client's business.

These higher-end services that already involve intellectual properties and patent-related processes can open new doors to clients not only in the banking and financial industries, but also other technical industries such as animation; healthcare; life sciences; pharmaceuticals; biotechnology; legal support; intellectual property research; design and development; education and others. Cloud Computing and Software as a Service

Outsourcing companies are also exploring new markets beyond their core competencies in Information Technology and moving into the realm of cloud computing and software-as-a-service opportunities. Basically, these market models involve the creation of software solutions and applications that users from anywhere in the world can access on demand through the Internet.

As more and more IT companies prefer to choose cloud computing over server-based network infrastructures to reach out to small and medium-sized companies, IT outsourcing firms have now more opportunities for offering their services via the

cloud computing platform. These new markets offer new economic challenges to the IT outsourcing industry and those that are up to this challenge will be on their way in establishing a good position in this market.

Textile

Outsourcing in the textile market is on the rebound as the textile industry continues to cut down on costs in the wake of the global financial crisis and looks for outsourcing opportunities in countries offering lower costs. Vietnam is at the forefront of providing outsourcing services for these textile companies, with textile exports being the second largest in the country. On top of that, Vietnam offers services beyond the allures of lower labor costs and competitive advantages through skilled needle and embroidery work, as Vietnamese craftsmen maintain traditional roots needed to harness their embroidery skills.

Foreign Languages

The Philippines has been a choice outsourcing destination for voice-based outsourcing work. They have a cultural affinity for Americans and their neutral accents make them ideal for these outsourcing requirements. Now, Spain and other non-English countries are opening doors to contact centers from these outsourcing companies, which offers Spanish-speaking personnel as well as other foreign languages.

Aside from these geographical locations and industries listed above that are opening new market opportunities for Asia's outsourcing industry, new doors and new markets continue to open and are simply awaiting exploration from these companies. ^(A-P)

ON THE WEB

- International Association of Outsourcing Professionals
www.iaop.org
- Yale Global
yaleglobal.yale.edu
- Spiegel Online International
www.spiegel.de

COMPANIES MENTIONED IN THIS ARTICLE:

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www.wipro.com/
- Tata Enterprises
www.tata.com/
- Infosys
www.infosys.com
- TCS Consultancy Services
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China's Five-Year Plan to Boost Economy

BY VICTOR FIC

At its Central Committee meeting, mainland China has set the broad terms of its national policy for the next five years.

It is intent on increasing growth mainly through domestic factors and on boosting the incomes and spending power of its farmers and laborers. The number of people within the country that this will effect numbers in the hundreds of millions. That was the message from the country's top leaders on Oct. 18.

The road map foresees more growth through higher incomes, but with a more even spread in incomes; enhanced welfare spending and housing; better health care and a more robust welfare net. These goals will siphon off anger among the tens upon millions of Chinese who feel left out of the economic boom times and to promote stability, a major goal of the party, which calls for a "harmonious society."

However, these objectives will also promote growth because they are designed to give people confidence to spend their savings. Experts noted that as the state peeled back some health care services to promote efficiency and growth, many started to hold on to their money in case they faced an emergency.

China's official news agencies carried an official statement from the leaders. Their main points were that, "We must persist in the strategy of expanding domestic demand and maintaining steady and relatively fast development [and] accelerate the formation of a new pattern of economic growth driven by coordination of consumption, invest-

ment and exports." But they did not offer anything concrete regarding growth figures or targets. Overall, China must undertake a "major breakthrough" in its growth based on industry and ensure "vigorous but steady" political reform.

Experts predict that during the half decade in question, the economy could expand by as much as half its current size. That would bring it to \$7.5 trillion. China already bypassed Japan during August to become the world's second largest economy; therefore, that impressive figure would open water between it and a neighbor that is both a cardinal trade partner and rival and see the mainland inch up on the U.S. economy.

However, there is no guarantee that China's roses will bloom because it faces some major hurdles. Its high degree of domestic inequality, for instance, could stifle household demand and cause dissension. Although many Chinese are optimistic, the party confab actually called upon them to have a "sense of peril." It added that policy must "stick to making welfare and improving livelihoods the fundamental starting and end point for faster transformation of economic development."

Thus far, China's trade partners have demanded that China let its currency rise in value so that imports are cheaper and Chinese exports more expensive. This will reduce China's growing trade surplus. However, the party conference only signaled that the leaders are concerned mainly with domestic issues. They did not touch upon the issue of currency reform. "Expanding domestic demand is the guiding long-term strategy of our country's economic and social development," said Zhang Ping, top official at the National Development and Reform Commission.

Also, pushing for more household spending while protecting the country's devas-

tated ecology will not be easy. It threatens many vested interests. Although President Hu Jintao and Premier Wen Jiabao sought an economy that is more balanced, in fact they have only a gray record here because growth still depends on infrastructure investments. Plus, the top 10 percent of the country's earners enjoy a per-capita income that is 65 times higher than the most, so finds a study by Chinese economists that Credit Suisse carried out. The public has been angry over real estate prices. Increases there have made housing harder for many to afford and undermined Beijing's attempts to cool that market.

As for the link between Chinese politics and economics, the Central Committee's voting members also raised Vice Premier Xi Jinping to a position that lets him oversee the People's Liberation Army. China watchers interpret this as one clue that he will take over from President Hu Jintao as the paramount leader in 2012. Most experts expect that the new generation of leaders will mimic its predecessors and remain on the beam when it comes to expanding the economy, mainly through domestic methods such as increasing demand and investment by skillfully manipulating the availability of credit and also spending on infrastructure.

True, the statement said that future leaders will try ardently for some political reforms. Premier Wen Jiabao has declared that China must have a more open and accountable government to ensure the economy grows. But he does not command much support within the party. Overall, there were no details on political reform, leading China watchers to conclude that it is not a priority even though some economists insist that the party must step back more to permit market forces to flourish and to cut down on mismanagement and corruption. (A-P)

China's Growing Influence in Southeast Asian Business

BY VINTI VAID

China's economic growth has been incredible over the past decade.

This has led to winds of change in its economic and political relations across the globe. Southeast Asia has been one of the regions in which the influence has been substantial. This decade has seen the Chinese take vital steps for mutual gains and economic cooperation, rather than an ideological confrontation or military conflict. This led to strong ties with Vietnam, Malaysia, Burma and Thailand.

After its accession to the World Trade Organization in 2001, there have been several initiatives taken in the Chinese economy which led to the country opening up extensively. Southeast Asian countries have done their best to cash in. In turn, China has been reaping political benefits with the Southeast Asian countries in exchange of increasing trade ties.

China assumes and likes to call its sprawling global influence a "peaceful rise." Moreover Beijing has been very hopeful that the prodigious aid and trade of China will prove convincing for Southeast Asian nations to join hands with them. From 1994 to 2004 there was an increase in the manufacturing output from 25.2 percent to 29.6 percent of GDP in the Southeast Asian economy.

China also created several multilateral and bilateral security relationships in the region.

Trade between Southeast Asia and China is tremendous and sets records year after year.

Trade between ASEAN and China has soared more than 15 times from 1981 to 2005. China is among the top three trading partners in every Southeast Asian country.

While the Chinese have required some structural adjustments to take place in neighboring countries,

there have been positive trade-offs. An example is negotiations for mutual reductions in trade barriers with Thailand under the Early Harvest Program. In all respects, the Chinese are trying to convince their Southeast Asian neighbors it is worth putting effort in to have a stake in ensuring the future development of China.

There are several other ways the Chinese have their hands in the business of Southeast Asian countries. Resource-rich nations have a tremendous opportunity to cash-in on China's inexhaustible thirst for raw materials. There is Thai rubber, Malaysian palm oil; Indonesian paper and pulp, Philippine copper and Burmese teak.

In fact, as income rises in the region,

FACTOIDS

- With an increase in strong trade relationships between ASEAN and China, there is a weakening of trade between Japan and ASEAN as observed in the past few years

- In the year 2006, ASEAN was China's 4th largest trading partner, after the European Union, America and Japan.

Southeast Asia is growing in consumer clout as they consume Chinese-made goods and services.

China is well aware of the disquiet it gives rise to in the international community and among some of its neighbors, especially the U.S., India and Russia. From Beijing's point of view, activism in the Southeast Asia improves to be a hedge against potential containment. Pacifying and reassuring Southeast Asia is the influence which they have chosen to maintain.

Thailand, Malaysia and Singapore have proven to be superior at diversification of their dependencies. They thus indulge in the best possible exploitation of United States and China.

Moreover, while on the one hand the Southeast Asian countries do not wish to diminish their military ties with the United States, on the other hand the region does not aspire to put all their strategic ventures in the hands of China. They desire to indulge in maximization of technological and economic gains from the closer relations. Thus, even under the growing influence of China, the Southeast Asian countries play twin roles.

On an overall basis, China is the center and formidable power in the trading system in Southeast Asia. (A-P)

COMPANIES IN THIS ISSUE

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- A high degree of economic freedom
- Undervalued currencies
- High tariff on imports

How tigers influence business in East Asia:

The four nations have immediate influ-

ences on the economic and trade policies of the Tiger Cub economies. Tiger Cub economies constitute Indonesia, Malaysia, Philippines and Thailand. These countries follow the export driven principle set by the Tiger economies and discourage home consumption through high rate of tariffs. It has been predicted that over the coming years, the

tiger economy will not be sustainable. This is because most economies that have been influenced by the Tiger economies underwent economic downturns. Prosperity leveled off after seven to ten years. Thus, there are many nations which follow the Tiger policies with amendments to suit the current global economic situation. (A-P)



China Gives Taiwan Green Light on Bank Openings

BY VICTOR FIC

Beijing on Aug. 9 flashed the green light on Taiwanese banks opening branches within China.

Experts hail this as a big step forward in the deepening financial cooperation between the two actors, physically on opposite banks of the 180 km wide Taiwan Straits and mentally on contending sides of the civil war that wracked China in the 1930s and 1940s. Just before the communist forces under Mao Zedong scored their victory in 1949, the defeated nationalist forces under Chiang Kai-shek evacuated money, printing presses to mint currency, financial and economic documents and art treasures. These were all crated up in thousands of boxes and flown or shipped to the island off China's Fujian coast. Since then, the mainlanders have

condemned the nationalist forces on the island as a break away or splittist faction that threatens to divide the motherland through a declaration of independence instead of unifying.

However, with China modernizing, economic interaction between the feuders has deepened dramatically. The Taiwanese side, although having only 25 million people now compared to the 1.4 billion on the mainland, industrialized first, starting in the 1960s. By the time Chinese patriarch Deng Xiao-ping announced his Four Modernization or Si Ge Xiandai Hua program in 1977, Western economic experts were starting to hail Taiwan as one of East Asia's four "dragon" or "tiger" economies. The new opportunities that the Taiwanese enjoy in the area from which they originated leads many experts and residents of Taiwan and China alike to hope that interaction will prevent conflict.

The liberalization on Taiwanese banks is the latest step

It came from the powerful China Banking Regulatory Commission and will permit four Taiwanese banks to pioneer the effort. Specifically, the Land Bank of Taiwan and the First Commercial Bank received the nod to open in Shanghai. Meanwhile, the Taiwan Cooperative Bank will operate in Suzhou, an hour by train east of Shanghai, and the Chang Hwa Bank will do business in Kunshan.

Also, Taiwanese banks will be permitted to offer loans in Chinese yuan to Taiwanese firms if their first year of opera-

tion results in profit. if they manage this for two years in a row, the banks can offer such yuan-based loans to Taiwanese companies on the mainland, too.

These locations were likely chosen partly because scores of Taiwanese high tech firms have established major production facilities in these cities or the vicinity. Shanghai in particular is often likened to the New York of modernizing China.

The regulator's Web site praises the development: "This signals the advent of a new era for the cross-strait exchange and cooperation in the banking sector."

Chen Yuh-chang, the director of Taiwan's Financial Supervisory Consumers, declared that three other Taiwanese banks are waiting for Beijing's approval to open branches. He specified that the Taiwanese regulator is checking over the applications of the Bank of China and Bank of Communications' to set up representative offices in Taiwan.

The sense of momentum toward cooperation is heightened because the banking deal comes only a few days after a key trade deal called the Economic Cooperative Framework Agreement between China and Taiwan that was signed in June took effect. It will vastly promote integration, leading some Taiwanese to oppose it based on their fear it will confer leverage into Beijing's hands.

Overall, on the political front, Taiwan's President Ma Ying-jeou stepped into the presidential office two and half years ago, pledging to seek closer economic and cultural ties and downplaying independence. Beijing far prefers him to his predecessors, Chen Shui-bien and Lee Teng-hui, whom the communist party accused of scheming or openly attempting to break away.

Therefore, it is good news that the Taiwanese banks will soon be chirping "huanying nin" or "we welcoming you" to its mainland customers. [A-P](#)

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U.S. Struggles to Narrow Trade Deficit with China

BY ZACH BARDON

The Chinese yuan climbed slightly to the U.S. dollar on Aug. 10 after Secretary of the Treasury Timothy Geithner very candidly implored the mainland to permit its currency to strengthen.

Geithner justified his pressure. He said that this would smooth out trade distortions that many experts in the West claim penalizes exporters to China, because their products are priced high while China's exports to Western markets are so low that the country has wracked up well over \$2 trillion in foreign reserves.

After Geithner's statement, the yuan turned around earlier losses to close at 6.7235 to the dollar, a bit higher than 6.7248 it posted on Aug. 9.

"The central parity was certainly higher than expected and so demand for the dollar

rose. Our take is that the dollar-yuan may be nearing a significant rebound. The US Congressional hearing is over and we don't think the yuan will continue to appreciate sharply in the near term," explained a trader at an Asian bank in Shanghai.

The change transpired after the the powerful People's Bank of China established the central parity rate, which means the permitted middle point for the currency when traded, at 6.7172. This is the most robust level dating to June when Beijing promised to open its tight policy on the yuan and let it rise in response to repeated foreign demands.

A Shenzhen-based trader at a Chinese bank commented that he sees a "recent trend of yuan appreciation. The yuan weakened a bit during trade, which indicated the yuan is inclined to take a breath following the recent fast rise."

Before the important midterm Congressional elections scheduled for November, American policymakers are considering bills to impose sanctions on Chinese exports. Chinese and American experts note that the U.S. president often sets the overall tone of the bilateral relationship, fending off trade pressure from American industry. However, the latter often successfully lobby the Congress to level the economic playing field. The congressmen then sponsor measures. No later than the mid to late 1990s, when the U.S. trade surplus with China disappeared and a yawning trade deficit appeared, such pressures on the hill started and have since escalated.

One example in action is Geithner. In testimony to Congress on Aug. 9, he shifted from his moderate position of past months to assert, "It was past time for China to move" on

currency reform and erase trade barriers. He added that in spite of the "important" promise from Beijing in June, the yuan's value was essentially the same over the preceding two years. He attributed it to official manipulation. Since June, the yuan has risen about 1.6 percent against the dollar.

However, he also put the fracas over the currency into a broader context of a trade relationship that is positive for both sides. In the past, Beijing replied to Geithner and other's criticism with insurances that the yuan's value is fair or that it is slated to rise or that Chinese currency and trade policy will reflect China's national interest, an implicit rebuff to foreign pressure.

Predictably, China's foreign ministry spokeswoman Jiang Yu warned that external pressure will fail. "The appreciation of the renminbi cannot solve the U.S. trade deficit against China and it cannot solve the U.S. domestic unemployment issue. The issues in China and U.S. economic relations and trade should be properly solved through consultations on an equal footing. Exerting pressure ... may lead to the contrary."

China experts observe that the communist party's legitimacy now rests on promoting the booming export led economic growth that Chinese people welcome. Officials will not backtrack. In addition, Chinese nationalism is the new - de facto - ideology supplanting communism. Therefore, many China watchers warn that outside pressure will permit officials to resist to shore up their domestic legitimacy and standing. But they add that often acute foreign pressure is needed for change. The stage is set for a dynamic of confrontation and resistance between a rising superpower and an incumbent one. [A-P](#)



B2B Telemarketing Companies in the Philippines

BY SHAMILA JANAKIRAMAN

Philippines is home to many call centers that handle telemarketing projects for foreign enterprises.

They handle outbound lead generation appointment setting and also inbound customer service and support.

The industry here is growing in leaps and bounds, owing in large part to its English speaking workforce. The centers in the Philippines are often managed by American, European or Australian teams, and it is better to avoid small outsourcing partners as they may not have contingency measures in place to tackle natural disasters or poor connectivity.

According to a research report published by Gartner Research on "Offshore Outsourcing Opportunities in the Philippines" the level of English language proficiency in the Philippines is characterized as 'world class' as a way to designate it and set the country apart from the other competitive English-speaking country destinations."

Gartner analysts went on to say that verbal skills in the Philippines with regard to clarity and understandability to a U.S. buyer are superior to that of India, Ireland or other offshore destinations. The ability of Filipinos to adopt accents and nomenclature, as well as understand American idiomatic expressions and usage are significant advantages in service areas such as contact centers.

Call centers in the Philippines help foreign companies optimize customer service and help save a lot on business process outsourcing. Live2Care's Virtual Assistant service offers virtual personal assistants who can take care of telemarketing needs of the client organization.

Live2Care offers telemarketing services like appointment setting and lead generation besides structured and professional telemarketing campaigns for clients. Exhibiting exponential growth in the BPO sector, Philippines is expected to usurp the number one position for offshore outsourcing services from India, according to CIO online, an IT News Company.

Business-to-business telemarketing companies assist enterprises in building positive leads and in identifying sales cycles, problems and opportunities. B2B telemarketing firms help clients zero in on the actual target audience of the company's products.

Acquisix is a U.S.-managed outbound telemarketing services provider in the Philippines. Acquisix focuses on converting leads to sales through well designed telemarketing campaigns. Having served many clients desirous of outsourcing telemarketing services offshore, Acquisix has gained the experience and expertise required to minimize the cost of customer acquisitions and to substantially increase the sales volume besides ensuring fast ROI.

Sustained growth depends on customer acquisition and retention. Companies not "outselling" are being outsold, said Acquisix sources. The company helps organizations source, acquire and retain profitable customer portfolios.

Negativity Surrounding Telemarketing

Multilevel marketing, pyramid schemes, improperly priced products and services have shown telemarketing in a bad light. The database of prospective clients is obtained from competition entry forms, telephone books, past purchase histories etc. The phone numbers so collected can be put to use by unethical business practitioners for making unsolicited calls and using high pressure sales techniques. Such practices are prohibited by law in some countries and are subject to regulatory controls. Some professional associations of telemarketers do adopt certain codes of ethics and standards to gain public confidence besides withholding rights for consumer privacy.

Some consumers go to great lengths to avoid telemarketing calls by using caller ID or via privacy manager. Answering machines and voicemail help screen calls as telemarketers do not leave messages.

Telemarketing has come a long way from being just a tool to sell products/services. Now it is considered an interactive technique to first engage customers and then lead them to the product. Both B2B and business to customer or B2C telemarketing serves as a wonderful tool to grow businesses. **A-P**

COMPANIES MENTIONED IN THIS ARTICLE

- Acquisix
www.acquisix.com
- Live2Care
www.welive2care.com



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Dr. Lakhvinder Singh is seen with Mr. Vayalar Ravi minister of overseas Indian affairs during his visit to Seoul in October 2010.

'India is Not Our Destination, But Our Destiny'

BY SHAMILA JANAKIRAMAN

Pravasi Bhartiya Diwas is an annual event of celebration for the Indian diaspora and will be held Jan. 7-9 at Vigyan Bhawan, New Delhi.

This annual celebration serves to showcase India for its diaspora scattered all over the world. Pravasi refers to the non-resident population who are eager to get back to their roots and explore the land of their forefathers.

The event also highlights contributions made by NRI/PIO (Non-Resident Indian/People of Indian Origin) individuals of exceptional merit and honors their contributions in their respective fields. It allows discussion of issues and concerns that the diaspora face.

The celebration has been held every year since 2003. Its official sponsors are the Ministry of Overseas Indian Affairs and the Federation of Indian Chambers of Commerce and Industry.

The aim of the ministry, established in 2004, is to acknowledge the welfare of global Indians and to enhance the symbiotic relationship between India and its diaspora, which constitutes a heterogeneous and differentiated group. The MOIA

identifies and caters to the needs of the Indian diaspora who are essentially consumers of Indian products and services across the economic, social and cultural space.

What Pravasi Bhartiya Diwas has to offer?

"India is not our destination, but our destiny," said K Sital, an NRI from Hong Kong at the 2003 Pravasi Bhartiya Diwas.

The aim of the Pravasi Bhartiya Diwas organized every year is to synergize the capabilities of NRIs and the advancements made by India. There is a high level of diversity among the Indian diaspora. The diversity has led to the emergence of different social groupings within the diaspora based on culture, language, religion and region.

The Indian diaspora has slowly evolved into a more organized and influential body, which is keen on leveraging the achievements made by their parent country in various spheres. The Indian diaspora has the technical and business skills, commercial relationships and financial capital.

The Pravasi Bhartiya Diwas have helped harness the Indian diaspora's offerings to further aid the growing front of the emerging Indian economy. In space research, ocean development, Antarctic exploration, nuclear technology, nanotechnology, environmental protection and other fields - Indians have made a mark in

design, instrumentation, remote sensing technology and observation capabilities. This knowledge can be shared with NRI counterparts working in foreign research projects making up a symbiotic beneficial channel.

Although hi-tech areas are given greater impetus, emphasis is also given to individual problems faced by NRIs such as property matters, marital discord and education for women, which have been discussed extensively at all Pravasi Bhartiya Diwas.

Indian women married to NRI men are subject to problems like dowry, marriage of convenience and lack of social support in an alien land. As marriages are terminated easily in most foreign courts, these women are suddenly left with no avenue of support. With many NRI weddings ending in divorce, an urgent need for making young brides aware of their rights has been highlighted during the 2010 Pravasi Bhartiya Diwas.

Due to the global downturn, investments in the real estate sector by NRIs have taken a blow. But previously, major gains were witnessed as many NRIs bought land and buildings in their hometowns and villages. Only NRIs who left for foreign shores recently are interested in buying property, opine experts. As the prices are set to increase as more investments are expected. But many NRIs have been cheated or harassed for more money by builders, which were brought to light in Pravasi Bhartiya Diwas sessions. The Government of India has assured support in this regard.

The Pravasi Bhartiya Diwas serves to reverse a brain drain to make it a "brain gain" endeavor. Having emerged from the global recession unscathed, India is attractive to NRIs more than ever. The governance, dynamism and entrepreneurship of Indian businessmen and planned inclusive growth have made India an attractive investment option for NRIs.

Pravasi Bhartiya Diwas 2011 - The Agenda

The scheduled programs for Pravasi Bhartiya Diwas 2011 or PBD 2011 include:

- Seminar on education: "Diaspora and Education -The emerging opportunities"
- Seminar on health: "Health services - Connecting the Diaspora"
- The inaugural session will see the prime minister of India. The event also includes two plenary sessions. Session 1 comprises of chief ministers of northeastern states. The second session is titled "Opportunity India - Interaction with Group of Union Ministers."

The business opportunities concerning information communication and entertainment will be highlighted. Young overseas Indians will be recognized. Also included is a lecture by management guru Dr. C K Prahalad.

During Pravasi Bhartiya Diwas 2011, the Pravasi Bhartiya Samman Awards will be conferred to the NRI achievers by the President of India Smt. Prathiba Patil. She will also deliver the valedictory address on Jan 9.

Pravasi Bhartiya Diwas will showcase unique offerings from India through an

exhibition featuring the northeastern and other states, fashion and technology offerings, education and entertainment, real estate, financial services and investment opportunities. Over 1,500 overseas Indian delegates are expected to attend the gala event, which will also feature cultural programs.

This event will witness the participation of the Ministry of Development of the northeastern Region along with eight northeastern States and the Confederation of Indian Industry]. A plenary session planned with the chief ministers of these states will highlight the hidden potential and beauty of the northeastern states of India.

The main focus of Pravasi Bhartiya Diwas is to attract the young diaspora populace. The younger generation of overseas Indians will be involved by a plenary session on "Engaging with the young overseas Indian," which will also highlight the potentialities of an emerging India.

Parallel interactive sessions have been scheduled on topics important to the diaspora, including:

- Industry round table: Interaction between diaspora and Indian industry leaders.
- Information, communication & entertainment: Business opportunities
- India and its young overseas Indians
- Celebrating the global Indian

The discussions and other sessions are expected to serve as an exchange of views and to enable networking among global Indians on issues pertinent to them. The efficacy of the past PBDs can be judged by the successful formation and contributions of the Overseas Citizenship of India scheme, Overseas Indian Facilitation Centre, Prime Minister's Global Advisory Council of people of Indian Origin, India Development Foundation and the launching of the Global Indian Network of Knowledge (Global-INK) and conceptualization of Pravasi Bhartiya Kendra.

Besides the PBDs held in India, a series of regional PBDs have been organized overseas, the most recent being Pravasi Bhartiya Divas Africa Convention, which was held in Durban, South Africa on Oct. 1 and 2. This is the fourth regional Pravasi Bhartiya Diwas outside India following earlier events held in New York, Singapore and The Hague.

This year's event was made to coincide with the birthday of Mahatma Gandhi and was meant to be a part of the year-long celebrations organized to commemorate the 150th anniversary of the arrival of Indians in South Africa. The central theme of this event was "India and Africa: Building Bridges". The mini-Pravasi Bhartiya Diwas, held at the International Convention Centre, Durban, was attended by South African President Jacob Zuma and other leaders. (A-P)

India Tops World in Cheese

BY MEENAKSHI SHANKAR

The Indian cheese industry was established back in the 1950s and now exports more cheese than any European country.

India is one of the world's largest and fastest growing markets for milk and value-added milk products. Though India was not considered a cheese loving nation a few years back, now cheese producers are expanding in the Indian market.

Indian consumers are now more willing to buy off the shelf. With improving international exposure and brand affiliation, the demand for niche cheese products is reported to be increasing every year. McKinsey, a global management consulting firm, has predicted growth in demand for cheese by 40 percent by 2011. The projection is based on a multi-year study of dairy consumption patterns in China. The company says that with India

food market. Kraft Foods Inc. is also set to raise the profile of Cadbury products in Asia as it gears up investments in developing markets, particularly the Asia-Pacific region, which has become Kraft's key growth driver.

Because of the limited shelf life of cheese product and lack of advanced packaging, processing and distribution technology, many regional cheese brands are currently not able to retail nationwide. Reports indicate that scientists from the Institute for Food Research have identified a way of using a virus to control levels of the Clostridium tyrobutyricum bacteria in cheese to prevent spoilage and minimize product waste.

C. tyrobutyricum, which originates from the silage that cows eat, is noted as a significant problem for cheese makers, especially manufacturers of hard or semi-hard cheeses. It is believed that even small levels can produce butyric acid, which gives off a rancid taste, and can result in an excess build-up of carbon dioxide, causing cracks.

Also, scientists claim to have identified and characterized a microorganism - endolysin that specifically attacks the contaminant. IFR research leader Arjan Narbad has reported this to be effective in reducing levels of C. tyrobutyricum.

In India, cottage cheese is very commonly used in most houses and goes by the name of "paneer." Other than this, popular kinds of cheese include cream cheese; curd cheese; brie; camembert ;



having similar consumer trends - like rising incomes, Westernization and urbanization - the demand for cheese in India is likely to be a 25 percent-30 percent higher and there is likely to be 5 percent-10 percent growth in demand in tier-two cities.

The urban population accounts for major cheese consumption in India. The four metropolitan cities Delhi, Mumbai, Chennai and Kolkata consume over 60 percent of the total cheese sold in India. Mumbai is said to be leading the list with 30 percent, followed by Delhi at 20 percent, Kolkata at 7 percent and Chennai at 6 percent.

Amul a brand that entered the market with a bang - is capitalizing on the demand for specialized cheeses like Gouda and Emmental.

Processed cheese and cheese spreads account for about 80 percent of total cheese consumption. Children are the major contributors to this market upscale, though it increasingly forms part of the mainstream adult diet.

Dabon is the only international cheese company to produce and sell cheese in the country, using the brand name Le Bon. It has a state of the art facility in Noida, near Delhi.

Also, the acquisition of Cadbury Plc by Kraft Foods Inc. is considered to be an important turning point in India's packaged

mozzarella; ricotta; and Roule., Other cheeses include manchego; cantal; cheshire; emmental; dunlop; and cheddar.

Facts

Nestlé, unveiled a plan to invest in a new chilling centre in Kilinochchi, Sri Lanka, to expand the dairy industry there.

Located in the northern province of the country, the centre is reported to be the first to be opened in the area in 30 years. "This area is a zone which was earlier not accessible for such development. Now that the northeastern areas are conflict free, we are keen to develop these areas, especially with regard to the dairy industry, in line with the government's vision," a spokesperson for the company reported. The company was recently acknowledged by the International Union of Food Science and Technology with its prestigious President's Award, which is given in recognition of efforts to advance global food science and technology for the benefit of everyone.

According to an analyst, the Indian dairy industry is said to be attracting a large number of entrepreneurs. The analyst believes that success depends on factors such as an efficient yet economical procurement network, hygienic and cost-effective processing facilities and

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When Negotiating, Know Your Adversary

BY VICTOR FIC

Dr. Richard Saccone holds a Ph.D. from the University of Pittsburgh in business and received specialty training at the Defense Language School Institute in Monterey, California in Korean; at the United States Air Force Cross-Cultural Communications Course; and at the Special Investigators and Counterintelligence Course, USAF Special Investigations Academy, Washington D.C. He attended the Federal Bureau of Investigation's Collection and Preservation of Evidence Seminar and the Counterintelligence Case Officers Course, USAF Special Investigations Academy, Washington D.C. He was a human intelligence (HUMINT) Support Team Senior Counterintelligence Agent in Mosul, Iraq in 2004/5 where he received a Meritorious Service letter. He presently teaches international business at the McKenna School at St. Vincent College. Saccone is the author of Negotiating With North Korea, The Business of Korean Culture and others. He can be reached at richard.saccone@email.stvincent.edu. He gave this exclusive interview to Victor Fic, our special correspondent for economic, political affairs.

What is your single greatest success e.g. landing a job or contract in negotiating with Koreans?

Every deal and every agreement is a source of pride for me. No deal is too small or too unimportant. I prided myself on leaving the "table" with my opponent's "kibun chota" in good spirits. I must say though that finding common agreement with North Koreans gave me the greatest satisfaction, but my expectations of success were much lower there.



How extensively studied is negotiation among academics, policy wonks and businessmen in the U.S. compared to Korea?

Not much I am afraid. Even diplomats, whom I expected to be well versed in negotiation, lacked even rudimentary knowledge. Most businessmen learn negotiation by trial and error and just repeat what has worked for them. When they face new situations, clients or cultures they are at an immediate disadvantage. They could be exponentially more effective if they obtained formal training. I teach college in a good business school and I include a section on negotiation in my International Business course. But most texts, have little about it and most business schools don't emphasize it, even though it may be one of the most important skills in business.

Some see a win-win Western outlook versus a zero-sum view among Confucian societies in dealing with foreigners. Are these the underlying values coloring how Americans versus Koreans define negotiation's purpose among foreigners?

There is certainly some truth in that statement, but Korea has grown so much in the last 20 years. Korean businessmen are more Westernized and possess all the tools of Western negotiation methods at their disposal. As with almost everything, it depends on the person and company you are dealing with. If you are facing an older, more traditional negotiating partner you will likely need different approaches than with a younger Western-trained negotiator. It is imperative to understand your opponent.

More specifically, some Westerners say that the Confucian way denigrates procedural rules, the facts of the issue, logical debate and signed agreements. It stresses power. Agree when weak but back track when the power balance shifts. What is your take?

Once again, there is a grain of truth in that statement, but it also depends on perspective. "Confucian way" does not denigrate rules - but it is not as litigious and strict about following texts of agreements. Relationships trump just about everything. Koreans expect their partner to bend the rules in order to maintain a relationship and they will do the same. If your cultural perspective is legalistic, you can become frustrated. Signed agreements are a "starting place" for how the agreement will unfold based on the relationship.

Are there negotiation strategies and tactics, e.g. hard at first, soft, etc. later that you find predominate in the Korean or East Asian negotiation style? Do Americans tend toward certain at the table methods?

Who has leverage can determine whether Koreans will start hard or soft. If they are in a superior negotiating position they might choose to use their leverage to bargain hard. But in general, Koreans prefer harmony and good relations and will begin with that in mind. It is best to start that way as it is very difficult to go back if you start by putting your opponent on the defensive.

Westerners often encounter a Korean and Japanese "turtle strategy" of ducking in and under when the latter face requests, e.g. market liberalization. This frustrated guy

then coerces them with trade sanctions or even an atomic bomb - a resist-pressure dynamic. What is your comment?

Koreans are very sensitive to being pushed around. Even more so in North Korea. They know they are a little country with a long list of struggles against larger powers. They possess a deep pride and take offense easily. They appreciate manners and tact. They resist and push back when Western steamroller tactics are employed.

Some students of East Asian history claim that when Koreans, Japanese and Chinese negotiate, they bring historical grievances with them to the table and play the victim or believe that they are so to justify a hard line or use guilt to manipulate the Westerner - your comment?

You will encounter this more in government to government negotiations and even more so in North Korea. Koreans are far better masters of history than their Western counterparts and will use it as leverage if they can. It is harder for South Koreans to use this because they are a developed country and the tactic is easy to counter by reminding them that you consider them a developed nation and an equal partner. They generally do not wish to lower their status after that.

Westerners also note that locals demand copious information from the Westerner at the start, scrutinize him and open files on his age, race, gender, college, institutional rank, marriage status, way of dress, talk and body language. But they avoid divulging information - true?

Koreans know most Westerners are very open about themselves and willingly provide personal information, "warts and all" as a gesture of friendship and trust. As a culture Koreans reveal such personal information only to the closest of friends. Koreans will use any such information to their advantage so the Westerner is wise not to speak of these matters freely.

You mention the concept of saving face, which seems important at times, but some charge that East Asian negotiators will cite this as a tactic to avoid concessions.

It can be a tactic and often Westerners misperceive it as a tactic but the concept is real. Saving face is quite important in both cultures. Embarrassing a person or damaging their public image will produce terrible results with Koreans and a similar resentment in Westerners.

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Growing Green Market in China

BY AMANDA MIN CHUNG HAN

China is emerging as one of the most prominent “green” business markets.

For the last three decades, China has shown remarkable economic growth. It brought prosperity to the nation and some of its people. However, being the world’s factory had serious side effect such as poor air quality, polluted water and lack of energy. China is the world largest carbon emission

nation as of 2010. The Chinese government is slowly awakening to the importance of environmental friendly businesses. It is not just because of external pressure, but also because of the importance green industries have on the momentum of future economic growth. The Chinese government announcement at THE Copenhagen Climate Change summit in 2009 that the nation plans to reduce carbon emission by 40 up to 50 percent in 2020 compared to those of 2005. Korea Trade Investment Promotion Agency expects that Chinese carbon emissions are likely to hit a peak between year 2030 and 2035.

The Chinese government is pushing plans in five categories: Economic structure, Industrial structure, energy structure, communication structure, and building construction. Throughout this project, the government aims to encourage low carbon product exports, low carbon consumption, electric car

use, and low carbon construction.

China is involved in developing alternative energy sources such as renewable energy. Since 2009 Chinese government has \$500 billion stimulation. Also, last March, the government announced its renewable energy generation program.

China focuses on solar energy and wind power. Two thirds of Chinese land is blessed with 2,200 hours of sunlight annually, which is very suitable for generating solar energy. KOTRA expects that Chinese solar energy and wind power markets have a bright outlook and the market will be a fierce battlefield by multinational companies. Big foreign companies would like to join the market, small- and medium-size companies that want to enter the market should be technically advanced with a proactive attitude, KOTRA advised.

Market experts also mentioned that sewage disposal plants and incineration plants are future promising markets in China. Unlike carbon emission reduction and renewable energy, these markets still get less attention but these are also as big as the former. Currently, Chinese manufacturing of sewage treatment equipment is outdated, considered equivalent to the 1980’s of developed countries, according to the market experts. A majority of Chinese sewage treatment manufacturers produce low-tech small facilities, while only few Chinese companies can supply sewage treatment plant equipment as a whole. As Chinese sewage treatment market has grown rapidly, there is high demand for related plant equipment and facilities. But Chinese companies have not met the need due to its lower technologies.

A spokesperson at KOTRA said “Korean companies and foreign companies with higher technologies, Chinese market is kind of a blue ocean. It also has high future growth momentum.”

Incineration plants are one of the rosy markets as well. The Chinese government plans to finish 83 new incineration plants that can generate electricity by the end of this year. The government expects that it would treat up to 10 percent of total annual waste. KOTRA recommends that Korean companies eye grate furnace incineration plants to enter the market. [A-P](#)

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innovativeness in the marketplace.

High demand and competition has resulted in a number of amalgamations within the industry, which has contributed largely to the enhanced efficiency including investments into new packing and storage. The industry is more streamlined and automated. [A-P](#)

ON THE WEB

- Applied and Environmental Microbiology www.amul.com

COMPANIES MENTIONED IN THIS ARTICLE

- Nestle www.nestle.com
- Nizo Food Research www.nizo.com

S. Korean Leader Crafting Green Crusade Image

BY LEE JONG-HEON

South Korean President Lee Myung-Bak earned the nickname “Bulldozer” as he served in the 1970s and 1980s as chief executive of the country’s best-known builder and icon of breakneck industrialization.

Under his leadership, Hyundai Construction & Engineering flattened hills for skyscrapers and high-rise apartments and covered green fields with asphalt for highways. The company put a concrete cover over the Cheonggye stream, which had run through the heart of Seoul to build an elevated highway above it, turning the stream into an underground sewer.

When Lee was eying the presidency as mayor of Seoul in the 2000s, he dramatically changed his image as a green crusader, pushing for a set of costly ecological projects for greening the city of more than 10 million people.

He ripped up tarmac and torn down walls, replacing them with grass and trees. In what he called the “green revolution,” he tore down the very highway his Hyundai had built decades ago to restore the Cheonggye stream.

The six-kilometer stream has become the capital’s most visible landmark and greatly boosted his popularity. He won the presidential election in late 2007 with campaign pledges of even bolder ecological projects, including a 14 trillion won (\$12 billion) cross-country canal to link northern and southern rivers.

Since taking office in early 2008, he moved further to cultivate his image as a green crusader, saying his much-touted “low-carbon, green growth” initiative can reduce greenhouse gas emissions but maintain sustainable economic growth.

Lee promised the world that his country will voluntarily cut emissions by 30 percent below expected levels in 2020, or a 4 percent reduction compared to 2005 levels, despite strong protests from the country’s energy-intensive manufacturers, the backbone of the country’s export-driven economy. South Korea is not obliged to take on binding emission reduction targets under the Kyoto Protocol, but Lee’s government has voluntarily come up with the proposal of emission reduction.

He used the Copenhagen summit in December to call on the rest of the world to follow suit.

Last June, Lee opened a global think tank in Seoul tasked with cutting carbon emissions in hope that it would help



him take the lead in the global campaign to counter climate change. Lee said the Global Green Growth Institute would serve as a “strategic foothold” that helps the world come up with workable solutions to global warming and provide a technological roadmap on “low-carbon” growth.

He has vowed to turn the institute into a U.N.-backed international agency by 2012, making it the first such organization to be headquartered in South Korea. Lee’s government plans to spend \$10 million each year for the next three years on the green-growth think tank.

Lee’s green growth drive was highlighted by a recent announcement that South Korea will spend 40 trillion won on renewable energy over the next five years as part of efforts to reduce greenhouse gas emissions and transform South Korea into one of the world’s five top players in renewable energy.

Under the massive plan, the government will inject 7 trillion won and private businesses will invest 33 trillion won by 2015 in the renewable energy sectors. Of the total, about 20 trillion won will be used in solar energy and 10 trillion won in wind power. Some 900 billion won will be spent on fuel cells and another 900 billion won in biotechnology, among others.

“With this plan, the government aims to turn the country into one of the world’s top five players in the rapidly growing renewable energy sector,” said an official at the Knowledge Economy Ministry, which is responsible for energy, industry and commerce. “The project will boost South Korea’s exports of renewable energy to \$36.2 billion by 2015.”

The global market for renewable energy has expanded at an average rate of 28.2 percent annually for the past five years to \$162.9 billion in 2009. The market is projected to grow to \$400 billion in 2015,

and \$1 trillion in 2020, the size of the current global auto market, according to the ministry.

President Lee stressed the development of solar, wind power and other forms of substitute energy sources will replace shipbuilding and auto making as the “backbone” of South Korea’s economy. “Given the sharp growth in the world’s market, we will be able to nurture solar energy and wind power industries as ‘the second semiconductor’ and ‘the second shipbuilding’ industries and make them the pillar of the future national economy,” Lee said.

South Korea is home to the world’s seven biggest shipyards, including Hyundai Heavy Industries, and top chip makers, such as Samsung Electronics. But the sectors that have shored up South Korea’s economy for the past decade are set to be overtaken by emerging giant, neighboring China.

Many economists in Seoul say Lee’s ambitious renewable energy drive faces an uphill struggle as China has already been pouring cash and expanding its market share. China has four out of the world’s top seven solar power companies and invested \$36 billion in renewable energy in 2009 alone. China’s capacity of wind power generation stood at 25,104 megawatts as of 2009, compared with merely 348 megawatts of South Korea, according to the World Wind Energy Association.

“South Korea’s renewable energy sector lags far behind that of the EU, the United States and Japan in terms of technology and that of China in terms of production capacity,” said Joo Dae-young, a research fellow at the state-run Korea Institute for Industrial Economics and Trade. President Lee has a long way to go to become a global green growth crusader, Joo and other experts say. [A-P](#)



Branding Luxury in China

BY VICTOR FIC

INTERVIEW WITH PROFESSOR PIERRE XIAO LU

Prof. Pierre Xiao Lu, is an international expert of luxury brand management, luxury consumer behavior and selective retailing. His theories about Chinese consumers formed the fundamental understanding for international brands towards this market and are largely adopted by successful upscale brands. He is strategic advisor for numerous luxury brands for their business in Asia, and a regular speaker in international luxury conferences. Before he joined Fudan University, he received his Ph.D. in marketing from Essec Paris where he is visiting professor of LVMH Chair. He is author of "Elite China, Luxury Consumer Behavior in China" and co-author of "Luxury China, Market Opportunities and Potentials."

How did you become interested in the Chinese luxury market?

In the early 1990s, when I was still attending university in Beijing studying business and economics, I paid more attention to the theory of luxury brands in China. Very few international luxury brands were investing in China. But my belief and forecast is that China will enter a golden age of fast development. It is natural for people to want to improve their lives and consume better quality and branded goods.



What are your qualifications?

After earning my master's degree in management and several years of experience in mergers and acquisitions, I came to Paris for deep research into the management of luxury brands and consumer psychology. This was totally new and even today it is difficult for the traditional academic to understand, because the theories and phenomena are different from common-sense based research and the data is extremely difficult to acquire.

How is the term luxury defined?

Luxury is all about refined art of living, covering all product categories related from haute-couture to chocolate, from jet to private banking etc. The most important are fragrances and cosmetics, and spirits, champagne and still wines, which are worth \$6.76 billion \$5.2 billion, respectively.

Where do you get your data?

All my research data is based on my personal connections with Chinese wealth all over China. In late 2009, I conducted a survey with 67 questions covering lifestyle of China's newly wealthy people with an average income 1 million yuan in 27 provinces.

What is the Chinese luxury market's total worth now and the projected figure?

The China luxury market has experienced a strong increase of around 20 percent during the financial crisis when most major traditional luxury markets such as Japan were in a terrible recession and suffered a minus 20 percent contraction. Today, mainland China's luxury market is valued at \$24.51 billion, excluding the local high-end white liquor category. It accounts for around 9 percent of the worldwide market. If combined with Hong Kong, Macao and Taiwan, the greater China market totals around 20 percent of the world luxury market. It will grow at an average 30 percent rate each year and will capture 25 percent of the global market in 2015.

When did the Chinese luxury buyer appear as a distinct class?

China's social categories started to reemerge after several years of economic development after the reform and opening policy from 1979. The evolution of Chinese society went from a flat system to a vertical one. Because of differences in the rate of increase in wealth from person to person, the social and personal need for distinction appeared. Luxury goods fulfill these needs and help people in a society to stand out or belong to a special class.

Please share your detailed statistics on the luxury buyer's motives. Whom did they survey?

... In total, 800 mainland Chinese replied to the questionnaire ... covering business, investment, brand ownership and education. From my analysis of the data, 48 percent of China's newly wealthy choose luxury brands for the good quality, their first motivation; 16 percent admit that it is for pampering one's self; 14 percent think it is a status symbol and 14 percent to look trendier.

China experts note that prestige and public face is more important in Chinese culture. Do you agree that this fuels the demand for luxuries?

The positive sense of enjoying prestige and public face will help international brands to decrease the psychological distance between Western-designed luxury goods and local Chinese consumers. However, achieving this may be very tricky and issues should be analyzed case by case. According to Luxury China, what kind of faces to display, when to use them and how to boost a luxury brand

depend on two factors: the brand's awareness among consumers in the local market and the degree of strength of the local culture. If the brand's awareness is high in the local market and the market culture is very strong, such as in mainland China, the brand should follow the adaptation strategy in its international communication method of branding - integrate more local cultural elements such as Chinese faces and aspects of Chinese culture.

Your book cites a funny story about social mores to explain why Tudor watches outsell Rolex ones ... what is your theory?

Rolex is a very successful case of how to benefit from a strong international brand image. However, its reputation and performance are not always the best in a market. It is still not the market leader - Omega has been for almost 30 years, with market share at around 30 percent. Rolex is very famous in the Cantonese speaking Chinese markets such as Hong Kong, Guangdong and the Cantonese communities overseas in Singapore and Malaysia. The first generation of newly wealthy Chinese were from Guangdong because it benefited first from the opening policy by trading with Hong Kong. But these Cantonese had a relatively low level of education. They used Rolexes to show off as big bosses. This gave the market a deep and strong negative image of poorly educated rich people (baofahu). However, Tudor's enjoys the good quality image of Rolex without the negative side and the retail price is affordable.

What advice can you offer to a luxury retailer setting up in China regarding a must know or must do list?

As a uniquely qualified Chinese luxury business and management expert, I do consulting for many successful international luxury brands who need a China market entry and operations strategy and operation. Given today's complicated China market, the luxury retailer must have a very sophisticated business and marketing plan before acting. The strategic plan must involve the experts of this industry who can produce a detailed analysis and market survey. At the operational level, a financial and psychological study is vital because you are entering a big, very competitive market. It needs continuous hard work and detailed follow-up to remain in the right direction.

You warn that profits come late - why the delay?

The China market is a huge and decisive market attracting the most important worldwide players in every industry to compete. Therefore, their strategy is very clear. It focuses firstly on gaining market share instead of earning profit because they know this market is profitable only if you command market share. If the market share is not guaranteed, the margin can not be maintained and finally profitability will be never achieved. If someone focuses firstly on profitability, he gives his competitors wonderful opportunities to become the market leader. So China's market is like a wide plain for a big campaign.

Continued on Page 49

MAKE BIG IDEAS TAKE ROOT

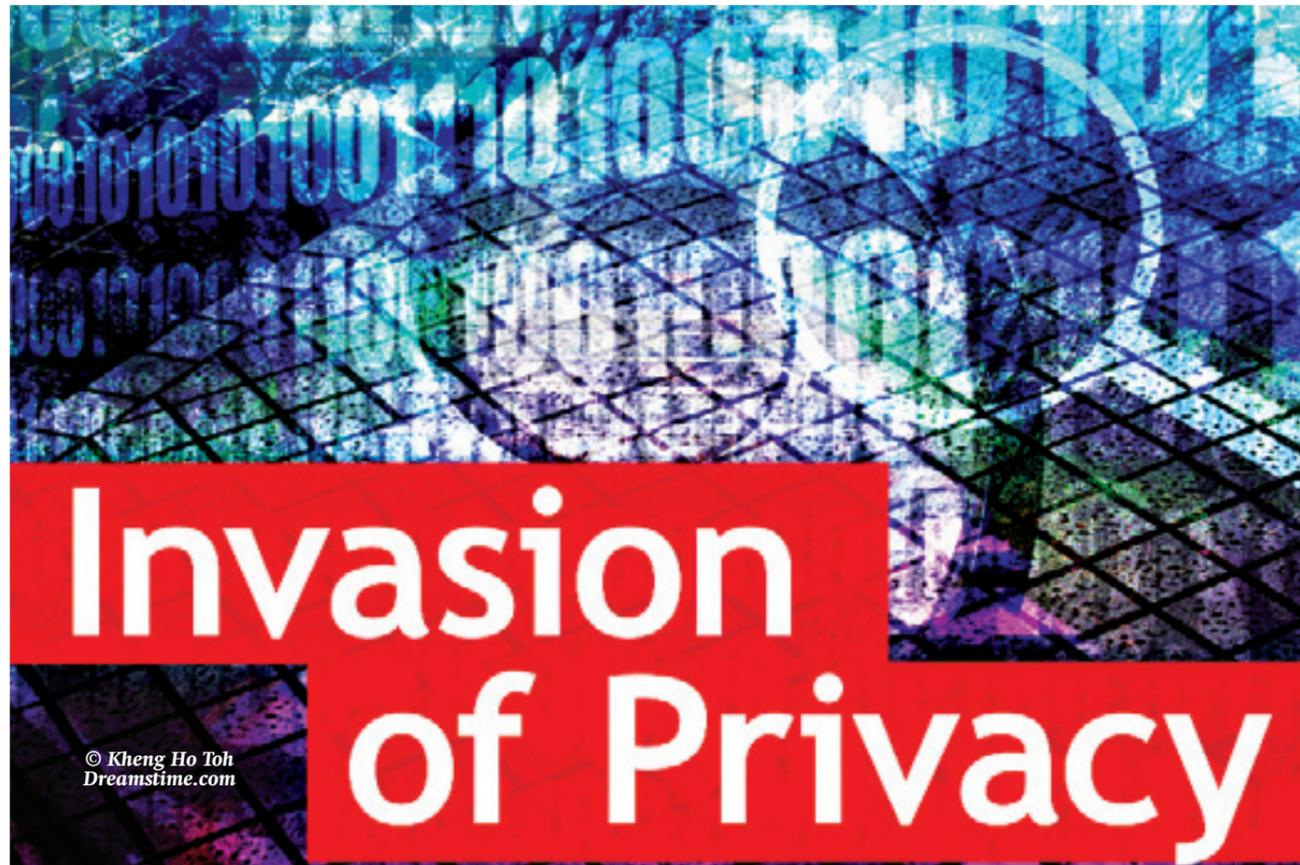
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Privacy and Security Issues Emerge in Asia

BY ANURAG AGNIHOTRI

With the increasing encroachment of social networks into the workspace and the increasing popularity of cloud-computing solutions, it should come as no surprise, say commentators, that online privacy and security issues are coming to the fore in Asia.

As early as 2001, the concept of privacy and security issues afflicting individuals, companies and countries in the region was already being banded about. For instance, the issue was considered important enough to merit an entire session all to itself at the 2001 conference in Tokyo of the Inter-Pacific Bar Association. As reported by the IPBA, the panelists, who included Bob Lewin, president and CEO of privacy seal provider TRUSTe, and Shunji Shinohara, head of legal affairs of Fujitsu Limited, agreed that

there are very real compliance issues for companies that collect information from other parties in the Asia-Pacific region. For instance, companies that do collect key electronic data online, such as personal information and credit card numbers, potentially do have a legal compliance issue in any country where such information is obtained, as well as in countries to which information is transferred.

A few years down the road from the IPBA's event, the Asia-Pacific Economic Cooperation saw the need to come up with its own approach to deal with what it saw as the growing concern over the collection and unauthorized use of personal information in the Asia-Pacific region. As mentioned in an APEC Newsletter, APEC's Electronic Commerce Steering Group released a draft privacy framework for consultation with affected parties — consumers, law associations, privacy experts, and business representatives — which aimed to build consumer confidence and trust in the security of e-commerce and boost its usage.

Fast forward to the present and it would seem that these pioneering efforts to counter online privacy and security issues have borne fruit. The massive rise in popularity of the mobile Internet and the corresponding popularity of the devices that can access it have brought about a corresponding increase in overall activity done using the mobile Internet — including e-commerce. Pioneering countries like Japan and South Korea were first out of the gate regarding e-commerce on mobile phones, but the rest of the region is fast catching up. It would

FACTOIDS

- KPMG polled 5,627 users from 22 countries, all of whom owned either a personal digital assistant or mobile phone, and found that the number of ratio of respondents who performed mobile banking transactions more than doubled to 46 percent from late 2008.
- The same study found that numbers from China, India and other fast-growing economies increased the most. Fully 77 percent of Chinese respondents said that they used their phones for banking, and 44 percent have done so for retail transactions.
- 43 percent of Indian respondents, meanwhile, have used phones for financial services, while 38 percent have done so to shop.

appear that based on such evidence alone, consumer confidence in online privacy solutions is rising.

Even commentators such as Asian Correspondent's Jon Russell, who do not see such problems coming to the fore, express caution, saying that despite the fact that mobile usage has increased, most Asians simply have not been exposed to social networks and other such online features long enough for privacy and security issues to have significantly come to the fore — except, however, for countries such as South

Continued on Page 44

Emerging Storage Area Networking Trends

BY JAI CS

IBM, HP, Cisco, NetApp, Oracle and Hitachi are just a few storage area network solution vendors.

As storage costs increase, there is high demand for efficient and cost-effective storage area networks. Storage area networks, or SAN, are an architecture where remote computer data storage devices are attached to servers, enabling the devices to appear as locally attached to the operating system.

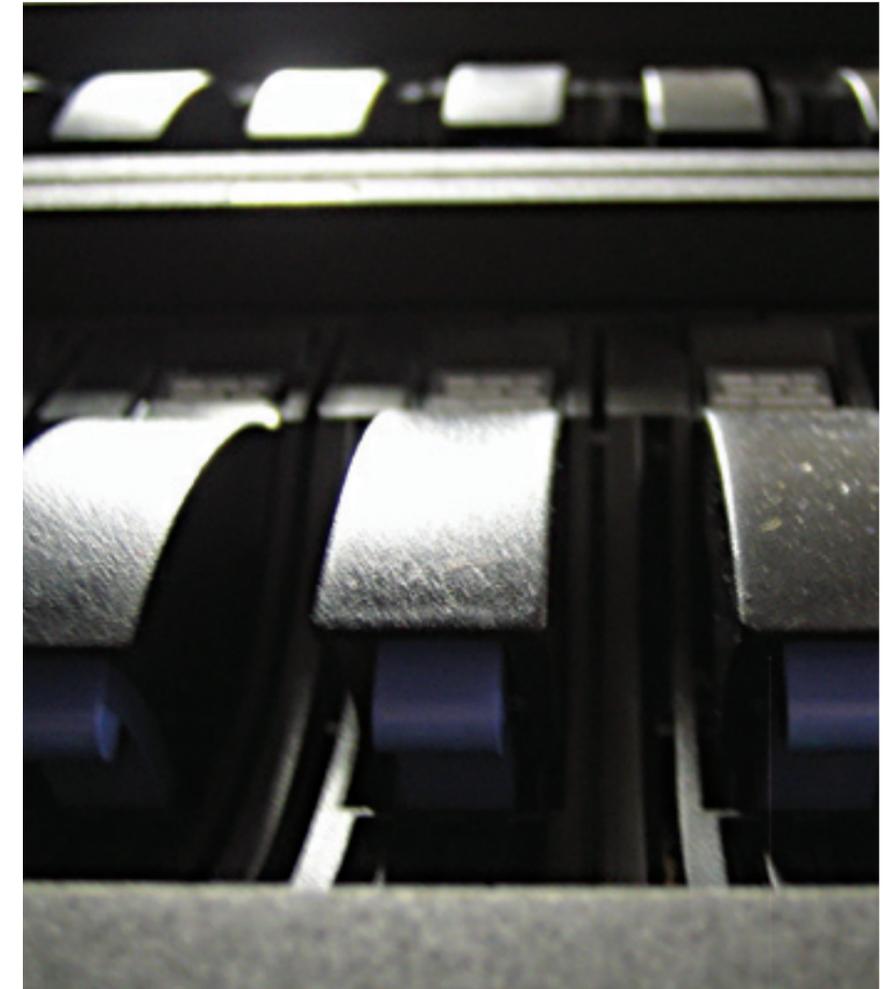
Optimizing hardware performance promises for better control.

SAN technologies cover fibre channel, iSCSI, SAN planning, switches, SAN routing and partitioning, SAN protocols, HBAs and RAID configuration and so on. Key Benefits of storage area networks include; disaster recovery; business continuity; virtualization; security; ability to consolidate resources; and data mobility.

IBM offers a comprehensive portfolio of SAN switches, storage, software, services and solutions - enabling its customers to stay competitive in the global marketplace by having access to the right information at the right time. IBM system storage solutions are designed to run in multi-vendor environments, which the company believes that it can allow enterprises to protect and extend the life of their existing investments. The company offers heterogeneous SAN switch solutions with SAN routing capabilities that maintains isolation of SAN islands attached to a shared multi-site enterprise SAN infrastructure.

IBM TotalStorage Productivity Center simplifies managing a multi-vendor environment, with support for different host operating systems, SAN fabric vendors, disk systems and tape libraries.

At the same time, Hu Yoshida, vice president and chief technology officer at Hitachi Data System says that with Hitachi's data storage virtualization, any internal or external tier of storage can be replicated for



business continuity through the replication services of the USP.

Cisco is yet another company that believes in the enormous benefits its storage solutions offer.

With multi-protocol storage networking, companies can reduce business risk by providing flexibility and options. Unified OS and management tools are capable of reducing opex. In fact, the company strongly agrees that enterprise-class storage connectivity is the right choice as it supports higher virtualized workloads. Also, SANs when offered as services-oriented SANs is sure to extend any network service to any device regardless of protocol, speed, vendor, or location.

"iSCSI is a great option for environments

that need networked, block-level shared storage to support applications such as databases (Oracle and SQL), exchange or deployment of server-based file sharing systems," said Greg Schulz, founder and senior analyst at StorageIO Group in a report. [A-P](#)

COMPANIES MENTIONED IN THIS ARTICLE

- IBM
www.ibm.com
- Cisco
www.cisco.com
- Oracle
www.oracle.com

Continued from page 30

How about the time variable? This journalist was warned never reveal your return flight date because others will sand bag through delays that create time pressure into making concessions - your view?

In general, you should not reveal a time and date you will depart or any deadline you have as it lends leverage to your opponent. However, if you are in the superior position

you can reverse the tables by revealing such a date, forcing the opponent to close the deal or lose it. However, as a rule of thumb you should not reveal your departure date. Keep it tentative. If you must, you could say something like, "I am prepared to leave on Friday but will stay longer if necessary."

What are the biggest mistakes that an American can make in negotiating with Koreans?

Not knowing Korean culture and not taking the time to gather intelligence on an opponent. Because Korean culture is in

many ways opposite from the West, snares and pitfalls are seemingly everywhere. Take the time to understand the culture and take time developing a relationship with your opponent before, during and after the negotiation.

How about vice versa?

The same applies. Koreans need to understand American culture and the person they are dealing with. Situations often prevent this but you must make every effort to do so in order to avoid cultural misunderstandings that could torpedo negotiations. [A-P](#)



Social Computing Surge: Asia Brings Social Computing, Workspace Closer

BY REENA SAXENA

In the Asia-Pacific region, social computing and social media are well on their way to ruling the roost — in offices as well as in homes.

The immense popularity of social networks in this day and age has made it no less than critical for enterprises to invest and involve themselves in social computing initiatives. In short, they realize the importance of going where the customer goes.

However, in this strange new world where the distinction between “work space” and “private space” is increasingly becoming blurred thanks to the ubiquity and importance of online networks, businesses in the region must think twice and prepare properly before they jump on the social-computing bandwagon.

The Asia-Pacific region is fast becoming the region to beat as far as social computing and social networking is concerned. But this brave new frontier is not without its challenges, and companies seeking to get their foot in the social-media and social-computing door need to be aware of how they need to prepare and what exactly they have to do before they take the plunge.

The Asia-Pacific Region: Tops in Social Media

The vast influence wielded by social media in the Asia-Pacific region is no longer in any doubt. In its May ranking of the top online properties in the Asia-Pacific region, digital marketing intelligence specialist comScore ascertained that a large number of the most-visited websites were social networking sites such as Facebook and the Netease sites. In addition, Facebook proved one of the most popular of these sites.

Research firm Nielsen has determined that the usage of social media has come to dominate Internet usage in the Asia-Pacific region. The company’s Asia Pacific Social Media Report says that social media usage

has experienced unprecedented growth in the previous year, such that it is now a critical online trend. Nielsen found that the social-media sites Facebook, Wikipedia and YouTube rank among the seven biggest global online brands. In terms of global usage, social media sites easily dominate; Internet users currently spend nearly six hours a month on these sites, and only slightly less than 75 percent of the Internet population throughout the world have visited a social networking site.

One reason for the overwhelming popularity of social sites in the region is the powerful influence such sites exercise on consumers. Nielsen reveals that social media sites in the Asia-Pacific region have significant clout in consumer purchasing decisions. Online product reviews are currently the third most trusted source of information sought out by consumers in the region when they seek input relating to purchase decisions. Only advice from family and friends has more influence with Asia-Pacific consumers than do social media sites.

Korea has a rich history of social media and social sites; it is thus no surprise that, according to Nielsen, Korea’s top social media site, Naver, attracts approximately 95 percent of Koreans every month. Moreover, the penetration of social media in Korea continues to grow thanks to the adoption of technologies enabling mobile social networking.

However, even the more Westernized countries in the region are showing a penchant for social sites. Australia, says Nielsen, is the current world leader in social media engagement, boasting the highest global average for time spent on social media on a monthly basis — more than seven hours a month.

What Enterprises Must do to Truly Benefit

Megan Clarcken, Managing Director of Nielsen’s online business in the Asia-Pacific region, says businesses can no longer afford to observe this phenomenon — the time has come for them to embrace it.

As a matter of fact, many of the com-

panies that have jumped on the social-computing bandwagon early have started to reap the benefits of having done so. The Nielsen report, for instance, says that virtual product placement within social networking site games — which is being done in China, South Korea and other such countries — is rapidly becoming a very profitable method for social-networking sites to earn revenue.

Nielsen’s recommendations are borne out by other experts as well. Another research specialist, Springboard Research, considers social computing as one of the 10 trends that are to shape enterprise IT in the Asia-Pacific region in 2010. Springboard sees major barriers to the influence and adoption of social networking to fall aside this year, and for more progressive firms to permit their employees to use social networks even while at work — something unthinkable at many firms even in 2009. Contributing to this will be an increasingly widespread realization that social engagement is not only beneficial at an employee level, but also profitable thanks to initiatives these progressive firms are making to help commercialize these investments in social media. Springboard adds that the key factor is to be the speed at which the transition to social computing and social networking will transcend barriers and boundaries — it will, in a word, be unstoppable.

In order to benefit from this dynamic new phase, Springboard says that enterprises must quickly determine how to commercialize social media investments — whether through out-and-out revenue generation or via establishing more channels for customer management and customer interaction. It is also important for enterprises to realize that the particular site — whether Twitter, Facebook or something else — is less significant than the process itself of quickly embracing new technologies and allowing access to it. The critical dynamic is that enterprises, along with their employees and consumers, must achieve a true level of engagement through the adoption of these new social computing tools and technologies.

Workers, says Gartner, do not wish to have to deal with two separate environ-

FACTOIDS

- Illustrating the vast potential of social sites in the Asia-Pacific region, even one of the most fully social media-engaged countries, Korea, continues to see significant social-media growth. Nielsen says that Twitter alone saw a whopping 1,900 percent growth in South Korea in the year ending May 2009.

- While social media as a whole is big all over the region, the particular mix differs per country. For instance, bulletin board systems (BBSs) are very popular in China; over 80 percent of social media content is delivered via these systems.

- In Japan, meanwhile, blogging is extremely popular. Japanese bloggers post more than one million blog posts every month — far more than any other country in the Asia-Pacific region.

ments that support their work — namely, one to access external information and another for their own work products. It is important, says Gartner, for enterprises to allow their staff to utilize social media and social software internally — and to use these tools to foster and further interaction and integration with enterprise-sponsored and public communities. Lastly, the firm further says that social profiles’ roles in bringing communities together must not be ignored if enterprises truly wish to benefit from adopting social computing.

However, in a separate article, Gartner urges enterprises interested in benefiting from social computing to prepare properly before rushing into social-computing initiatives. For instance, the firm predicts that this year, more than half of the companies that have managed to establish online communities for customer relationship purposes as part of social computing initiatives will fail to manage them properly — and may even suffer as a consequence, as customer value can be significantly eroded as a result.

To combat this possibility, Gartner says that four steps must be undertaken as part and parcel of a social software initiative. First, the initiative needs to be defined and its purpose outlined. Secondly, some control must be ceded to the customer community in order to stimulate participation by granting the community a certain amount of ownership. Thirdly, firms must realize that there are various kinds of participation; each must be properly understood and rewarded. Lastly, Gartner recommends that companies acquire new skills focusing on influencing social interaction in order to effectively elicit and manage participation. [A-P](#)

COMPANIES MENTIONED IN THIS ARTICLE

- **Netease**
www.163.com
Search Engine/Online Gaming
Beijing, China
- **Naver**
www.naver.com
Search Engine
Seongnam City, South Korea

Taking Temperature Of SAAS in the Asia-Pacific Region

BY KEVIN LIU

Thanks to the benefits it offers, including scalability, security and reduction in expenses, SaaS or “Software as a Service” has rapidly become popular in North America and Europe.

Has SaaS proven as popular in Asia as it has in other parts of the world? In a nutshell the answer is: not yet. Although SaaS has managed to gain a foothold in key Asian markets, adoption has been uneven across the region as a whole to date, and SaaS’ future success in the Asia-Pacific region will depend on how providers deal with certain challenges.

That said, there is considerable interest in SaaS adoption among companies and enterprises in the region. In June of this year, a Gartner survey determined that fully 75 percent of organizations in the Asia-Pacific region would be increasing their investments in SaaS. Of the organizations surveyed by Gartner, 80 percent were employing SaaS for enterprise applications such as CRM and ERP, and the remainder of those surveyed said that they were planning to invest in SaaS within the next 12 months. Gartner analysts determined that the top five commonly used SaaS applications, in order, are financials or accounting, e-mail, sales, expense management, and customer service and support.

The Gartner study shed some light on factors preventing SaaS from making inroads into Asian markets in the past two years. Companies were concerned as to the security, availability and overall performance of SaaS services. However, the Gartner analysts say that as SaaS matured, these concerns are gradually diminishing.

The largest Asian market for SaaS by far is Japan. Research house Springboard Research said in February that the Japanese market for SaaS currently stands at \$1 billion, dwarfing the combination of the rest of Asia’s SaaS markets. In addition, Springboard Research said, all major industries in Japan had adopted SaaS — particularly conservative industries like large enterprises and government organizations, whose adoption of products from companies like Google and Salesforce.com was adjudged one of the major factors behind the size of the Japanese SaaS market.

Other factors spurring the continued

FACTOIDS

- Another Gartner study — this time of the world SaaS market — finds that 95 percent of organizations from the Asia-Pacific, European and North American regions are planning to either grow or maintain their SaaS usage levels through 2010.

- 19 percent of respondents to this Gartner study said that they expected to increase investment levels considerably; 53 percent of respondents expected to increase investments only slightly.

- An IDC enterprise spending report predicted that the worldwide IT-cloud spending figure would reach \$42.3 billion by 2012.

adoption of SaaS solutions in Japan, said Springboard Research, include potential cost savings on upfront spending and speed of deployment. As a matter of fact, said Springboard Research, SaaS adoption in Japan is set to continue growing at around 24 percent between 2009 and 2013.

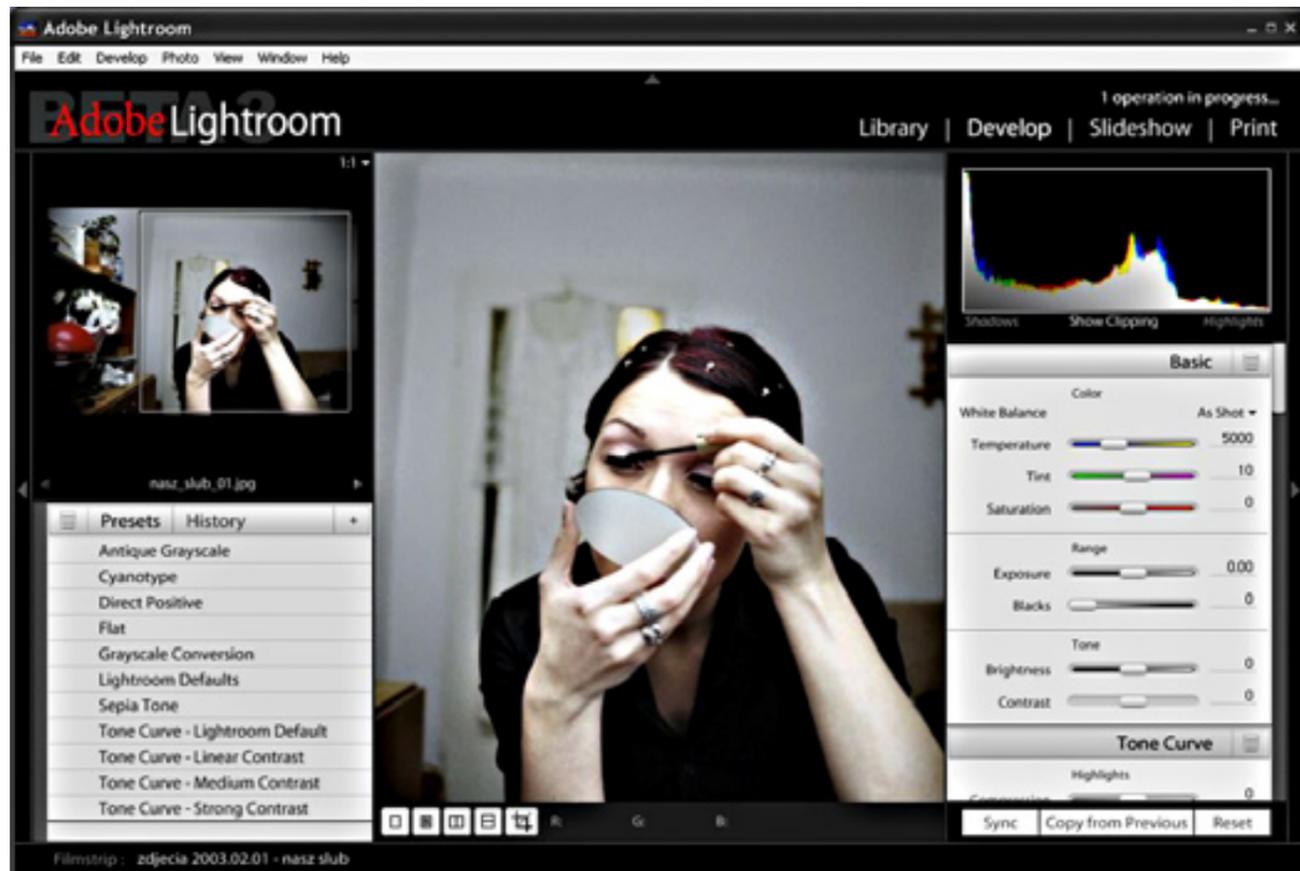
Another major Asian market for SaaS solutions is China. In a separate report, Springboard Research said that it expects the Chinese SaaS market to grow 56 percent and to reach a revenue level of \$171 million by the end of this year. In addition, demand for SaaS is expected to increase in the next two to three years, and at a rate expected to far exceed the growth in the traditional IT market. A survey of Chinese firms conducted by Springboard Research found that three out of four respondents are already using SaaS products, whereas more than half of those who did not already use them were likely to subscribe to them within 12 months.

However, SaaS still has a long way to go before it can claim to be accepted throughout the Asian region. Twiggy Lo, principal research analyst at Gartner, said that SaaS has very high potential in the region, but it is still at the emerging stage as both providers and users are as a whole still on a learning curve.

Cost-effectiveness is spurring interest in SaaS, but many organizations in the region are still somewhat skeptical about the actual cost savings SaaS solutions can bring about. In addition, says Gartner, other major challenges exist, such as low integration with existing systems, network instability, customization issues, limited flexibility and lack of vendor support capability. These, the aforementioned problems, and other challenges need to be dealt with successfully in order for SaaS to truly make inroads into Asia-Pacific markets. [A-P](#)

COMPANIES MENTIONED IN THIS ARTICLE

- **Salesforce.com**
www.salesforce.com
On-Demand Software
San Francisco, U.S.



Focus on Photography

BY MEENAKSHI SHANKAR

With the launch of Adobe's first version of their professional RAW workflow software – Lightroom – there has been a dramatic enhancement in both managing and editing photographs.

Adobe's Lightroom 3 is designed to offer the ideal toolset for quickly and efficiently manage all images. With comprehensive features for importing, selecting, organizing, and finding images in a user's library, managing photographs has become easier.

Mentioned by the company as an all-in-one, intuitive solution for the entire workflow, the software allows its user to showcase their work in elegant print layouts, slide shows, Web galleries and on popular photo-sharing sites.

Also, when the solution is used with Photoshop CS5, the company believes that users can achieve the visual and emotional effects as it delivers breakthrough capabilities to help them create images

with impact.

These solutions allow photographers to refine photos with re-engineered photography tools for removing noise, adding grain, and creating stunning photo-realistic or surreal HDR images. In fact, it allows them to get precise results when making complex selections.

Following the release of Lightroom 3 and the earlier release of Adobe Photoshop CS5, the company has announced that its Photoshop Lightroom 3.2 and Camera RAW 6.2 updates are also available now.

Also, Adobe Photoshop Elements 8 & Adobe Premiere Elements 8 programs have the power to enable the users to do some amazing storytelling with photos and videos.

New in Store

Sony has announced three new compact cameras – the WX5, TX9 AND T99. With CCD sensor, 3D Sweep Panorama mode, anybody who attempts to click can have the pleasure of creating a three-dimensional rendition when the images are viewed on a Sony screen, a feature that is launched by the company for the first time for all of its NEX Cameras.

Oloneo's PhotoEngine Beta – a Paris based software company - has launched the Beta version of its image-processing software PhotoEngine, which includes the ability for RAW processing and HDR tone mapping. Based on a 32 bit per channel wide color gamut, the software is believed to offer good control over the tonal range and colors in photography.

Unified Color Technologies has unveiled HDR Expose, a 32 bit dedicated software for High Dynamic Range imagery. The software replaces the company's proprietary HDR PhotoStudio software but has several new features like de-ghosting algorithms to minimize halos. Also, the software can directly export files to Adobe Lightroom and Apple Aperture.

A chance to Explore - The Photokina tradeshow - takes place every year in Germany. It is recognized as the largest photography tradeshow in the world and all the camera makers and photography accessory manufacturers will be there to show off their latest products.

Big brands such as Canon, Nikon, Sony, Pentax and Panasonic are already ready to showcase their new launches in this show. This year, the show is scheduled to take place on Sept. 21 through 26.

Photography Industry in India

The Photography industry in India is reportedly witnessing robust growth. Both the professional and amateur photographers are getting to experience wide range of applications with the help of latest digital technology. A-P

ON THE WEB

- www.adobe.com/products/photoshoplightroom/
- www.apple.com/aperture

Is the End of i-Mode Near?

BY DING DING

i-Mode wireless technology has been one of the key telecommunications offerings in the Japanese market for years, and has even become part of some telcos' range of services in other countries.

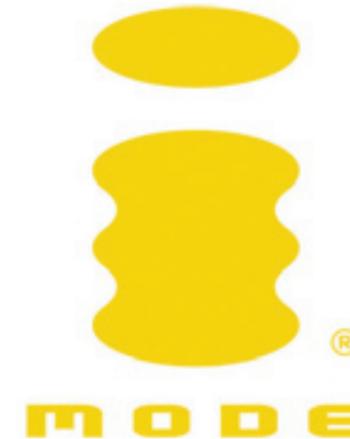
But the winds of change are blowing: the number of international telcos offering i-Mode services is dwindling, and even in Japan itself, the end for i-Mode may be in sight.

i-Mode is a mobile Internet service that was launched by Japanese telco NTT DoCoMo in February 1999, and which offers users specialized content such as e-mail, weather forecasts, games and ticket bookings. The popularity and potential of i-Mode was such that just a few months after it debuted, several NTT DoCoMo competitors launched competing services such as KDDI's EZweb. As a matter of fact, during its heyday, i-Mode was used in many countries around the world, from Australia to the U.K., thanks to DoCoMo's licensing and partnership schemes set up with mobile service providers in these countries.

In more ways than one, i-Mode is still a predominant system in Japan. It is still one of the most popular; in 2006 it boasted a user base nearly 50 million strong in Japan, and over 5 million customers in other locations around the world. However, like many other mobile-Internet services, i-Mode is beginning to suffer at the hands of the increasingly popular smartphone and the data services that work with it — most especially Apple's iPhone and the various HTC devices running Google's Android OS.

Analysts view smartphones as critical because of the vast potential adoption holds for markets as a whole. Smartphone users enjoy unprecedented access to functionality tools such as applications — the vast number of apps that can be downloaded, whether for free or for a fee can give these devices unparalleled flexibility and power. By contrast, i-Mode and other similar services can only offer a far narrower and less dynamic range of specially modified services - however, it has been reported that DoCoMo is to offer an Apple-style app platform. In addition, pricing structures for i-Mode phones are in general usage-dependent, in stark contrast to the more convenient flat pricing structure that many smartphone-based data services use.

Many analysts anticipate that Japanese telcos like Softbank, which have decided to offer smartphones early on and sell key smartphones like Apple's iPhone and HTC's Desire, will benefit significantly from this beginning trend. Other providers such as KDDI and NTT DoCoMo itself have been said to be only months away



FACTOIDS

- As of March 31, 2009, NTT DoCoMo had a total of 48,474,000 i-Mode subscribers. As of March 31, 2010, the number of subscribers has increased by only a tiny amount, to 48,992,000. The company further predicts the number of subscribers to increase fractionally in 2011 (to 49,170,000).
- Market research firm International Data Corp. (IDC) is predicting a total shipment of 269.6 million smartphones in 2010, an increase of 55.4% compared to 2009.
- The Coda Research Consultancy predicts that from 2010 to 2015, around 2.5 billion smartphones will be sold, and that mobile internet browsing and usage on smartphones will increase 50 times by 2015.

from offering their own smartphone-based data services.

Deutsche Bank also said that many other companies that appear to be focusing on i-Mode or similar services for now may be left out in the cold in the future. Such companies include the group composed of NEC, Casio and Hitachi, which have to date shown no indication of offering Android handsets, as well as Fujitsu. A-P

COMPANIES MENTIONED IN THIS ARTICLE

- Softbank www.softbank.co.jp/en/
- NTT DoCoMo www.nttdocomo.com
- HTC www.htc.com
- KDDI www.kddi.com
- NEC www.nec.com
- Electronics
- Hitachi www.hitachi.com
- Casio www.casio.com
- Fujitsu www.fujitsu.com

Huawei Launches New Cricket WiFi Device

BY VIJAY ASTHANA

The new Cricket Crosswave portable WiFi device is now available from Huawei. The dual mode EVDO/WiFi Crosswave has the ability to connect with up to three devices at the same time.

It is compatible with most devices that support WiFi 802.11b/g including Windows 2000, XP, Vista and 7, as well as Mac OS X10.4.11 to 10.6.3 (both 32 and 64 bit).

Designers have decided to pair Cricket Crosswave with the Cricket's prepaid broadband service plans. The combination is expected to attract consumers who will enjoy accessing Cricket's 3G network, which provides download speeds up to 1.4 Mbps.

Cricket claims that this lightweight innovative mobile device brings high speed internet access on Cricket's 3G network to multiple laptops, desktops and other mobile devices like tablets, MP3 player, and gaming systems simultaneously.

Customers may or may not like Crosswave's battery life of nearly 3 hours active use and 90 hours of stand-by time.

"The Crosswave is an incredibly convenient way for on-the-go consumers to bring Cricket's reliable, no-contract 3G connectivity to a whole new ecosystem of devices, anywhere, at any time," said Matt Stoiber, vice president and general manager of devices for Cricket Communications.

"This convenient mobile hotspot also complements our new, true rate data plans, providing our customers with the speed and reliability they want with no overage charges or hidden fees." A-P



Asia a 4G Hotbed

BY ANURADHA SHUKLA

4G technologies have been described as the next wave as far as cellular wireless data technologies are concerned.

Exceedingly rapid — offering average download rates of approximately 3Mbps or more, about ten times the speed of the networks that it is tipped to succeed — 4G offers a significant speed advantage over older, slower technologies.

In addition, proponents of 4G also tout many of this standard's other advantages. These include greater reliability in coverage areas, offering a stable, secure and reliable connection even while connected devices are in motion; an all-IP basis to guarantee the full functionality of a wired network; and the availability of a wide range of services, including extremely rapid Internet access, streamed multimedia, IP telephony, and gaming.

The Asian region is one of the world's most receptive in terms of mobile technologies, and how, as part and parcel of this acceptance, 4G is resonating with Asian companies, industries and countries.

Thanks to the region's dynamic markets, environment, and peculiar characteristics, Asia has always been open to new mobile technologies. As a matter of fact, many local firms have historically been among the first to embrace such technologies and introduce them to local markets.

Western companies such as Ericsson have often been credited with the inception and initial development of mobile technologies such as the Groupe Special Mobile (later Global System for Mobile Communications) or GSM Network in the late 1980s and early 1990s, as well as other technologies such as EV-DO (Evolution-Data Optimized) and GPRS (General Packet Radio Service). Asian companies have been very quick to take advantage of the opportunities afforded by the introduction of these new technologies.

Asian firms have set mobile-technology standards more than once. In late 2001, Japan's NTT DoCoMo debuted its FOMA (Freedom of Mobile Multimedia Access) — the world's first 3G network based on the CDMA standard. South Korea's SK Telecom was hot on the heels of NTT DoCoMo, unveiling its own EV-DO network early in 2002. And at the end of the millennium, NTT DoCoMo once again made headlines by introducing another world first: i-mode, the first mobile Internet service, which trumped many of its competitors by offering one-touch access to e-mail, Internet and other key services — one of the first to bridge the gap between cellphones and desktop computers. More than 50 million users boasted a FOMA handset when the technology was at its peak.



Fueling these achievements has been the overwhelming success of mobile technologies in the Asian region. The market penetration of mobile technologies in Asia has been very rapid. According to a 2006 report by Business Monitor International regarding 14 Asian markets, the number of mobile subscribers totaled 820 million, representing an increase of 20.5 percent over the number of subscribers in 2004 — approximately 59 million of which had subscribed to 3G mobile services, a figure that had increased by 57.3 percent over 2004. BMI further said that it expected the total number of mobile subscribers in Asia to more than double to 1.75 billion — a penetration rate of slightly over 50 percent — by 2010, and the number of 3G subscribers to increase to more than 300 million at the end of 2010, representing a market penetration rate of slightly less than 10 percent.

The popularity of mobile networks in Asia is due in no small part to characteristics peculiar to many countries in the region. Firstly, Asia is a heavily populated continent, and many Asian nations rank among the top nations in the world in terms of population size. The people of this region make excellent customers of mobile technologies and services; the number of mobile subscriptions in population behemoths India and China already outnumber the population of the United States, and statistics estimate the number of mobile Internet users in China to be larger than the total population of the U.S. by the end of 2010.

Secondly, developing Asian nations such as India, Vietnam, Bangladesh, Pakistan and the Philippines, which have been struggling to install widespread and reliable fixed-line telephone systems for years, have instead leapfrogged such systems and adopted mobile networks instead. This has laid the groundwork for millions of people in these and other developing nations to make the comparatively easier jump to ever more sophisticated mobile technologies. In addition, say other sources such as tech website MobiThinking, the low PC penetration that pertains in the developing nations of the Asian region has also contributed to the high acceptance of mobile solutions. Thus, the people of the Asian region are ever more dependent on mobile solutions that enable online banking, funds transfers, e-commerce, and weather and news access, on mobile platforms.

Yet another factor that has served to affect the rate at which mobile technologies have permeated the region's markets is

the aforementioned foresight demonstrated by companies such as NTT DoCoMo of Japan and SK Telecom of South Korea. Their early investments in 3G technology and high-quality data networks enabled mobile data to be affordable and reliable. In addition, the momentum these first-adaptor firms gained enabled them to serve as a source of both inspiration and technology for other countries and firms in the region.

Lastly, the surge in popularity of powerful, high-bandwidth devices in the Asian region, from the Apple iPhone to its competitors from Research in Motion, Samsung and other firms, has also served to stimulate a corresponding demand in network technologies that can satisfy the burgeoning demand for rapid and reliable data and voice connections.

4G's Acceptance to Date in Asia

Given Asia's history regarding mobile technologies and their rapid acceptance in the region, it should come as no surprise that the region is proving extremely receptive to 4G thanks to the improved performance 4G solutions offer vis-à-vis the competition. Specific technologies such as WiMAX and LTE are proving very popular thanks to their speedy performance, reliability, and low cost.

As a matter of fact, says research specialist TeleGeography, in the first quarter of 2010, Asia has already taken the lead in the worldwide 4G market. TeleGeography's 4G Research Service has determined that the number of Asian customers subscribed to pre-WiMAX and WiMAX solutions stood at 1.7 million, as compared to the 1.4 million in the United States and Canada, the second-largest 4G market, and eastern Europe, the third-largest with approximately 1.1 million subscribers. Of the approximately 5.7 million people worldwide who are 4G subscribers, therefore, Asia accounts for a leading 29 percent.

Moreover, these figures display exponential growth and acceptance of 4G in the region; in the first quarter of 2009, 22 percent of all 4G subscribers were Asian. By comparison, at the end of 2006, only 6 percent of the worldwide total hailed from Asia. TeleGeography analysts said that growth in the demand of WiMAX is being experienced by both developing markets such as India and developed markets like Japan, where the penetration of broadband solutions is already considerable.

Other 4G technologies are also proving popular, such as the upcoming Long-Term Evolution (LTE). NTT DoCoMo is widely expected to be the first Asian operator to launch commercial LTE connections at the end of 2010, and many customers are eagerly awaiting this launch. China Mobile, which is championing Time Division (TD) LTE, has also announced that it is to conduct TD-LTE trials in foreign markets in Asia, North America and Europe.

Aside from the usual suspects India and China, many developing nations are undertaking concrete steps to adopt 4G to close the gap between them and more developed nations. In Indonesia, for instance, provider Indosat is working with

FACTOIDS

- ABI Research says that it expects the number of 4G network users to reach 1 billion by the end of 2012.
- Last year, the number of 4G network users only numbered 480 million.
- To illustrate the surging popularity of 4G in Asia, even in one of the most developed and saturated markets — Hong Kong — there were approximately 11.84 million mobile service subscribers, representing a penetration rate of 169 percent.

Ericsson to launch a network on Ericsson's HSPA Evolution technology that is capable of up to 42 Mbps. This is viewed as a stepping-stone to help Indosat completely migrate to 4G in the near future.

The surging popularity of 4G solutions is also due in part to companies such as ADC, which maintains a portfolio of capacity solutions and precision coverage solutions geared to assist service providers that are transitioning to WiMAX, LTE and other 4G technologies. ADC and its fellow firms offer service providers the opportunity to deploy capable new systems that can provide service necessary to satisfy the needs of the new generation of mobile devices like the Apple iPhone, which are more bandwidth-hungry than any of their predecessors ever were and which put significant strain on mobile networks and providers. [ASP](#)

COMPANIES MENTIONED IN THIS ARTICLE

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www.indosat.com
Telecommunications
Jakarta, Indonesia

China the Biggest Global Internet Presence

BY YASHIKA DHINGRA

China surpassed the 420 million mark in the number of Internet users, sealing its title as the biggest global Internet presence — a title that it took from the United States.

This occurred just a few months after controversies reigned between China and Internet giant Google over censorship issues and alleged deliberate attempts to hack Google's source codes and Gmail users.

The number of online users already accounts for a third of the Chinese population and has increased tremendously from the 384 million it registered towards the end of 2009. Users accessing the Internet through their mobile phones — numbering at 233 million — were a significant factor. These figures continue to grow, as more and more Chinese get online every day.

What these numbers imply is proving to be both beneficial to the nation's booming economy as well as a source of problems for the government — as well as its online users. In a country that enacted the Great Firewall to block some Web content as well as traditional media channels, the population continues to turn to the Internet as an alternative forum where they can freely express their opinions — amidst the governments growing concerns about social unrest that may be triggered by the Internet.

Largest Online Population, Largest Online Market

This tremendous growth in online users presents big opportunities for marketing, which could soon evolve into the largest online market on the planet. This is fast becoming reality with the recent team up between Alibaba-owned Taobao and Yahoo! Japan to create the biggest online marketplace, making China as the world's largest e-commerce market.

This new portal is expected to attract at least 250 million customers with its offering of more than 450 million products, easily dwarfing its counterpart in the U.S. — eBay. This will open online trade between Japan and China in a facility that will be presented in their own languages and a system that they would be familiar with. Online shopping is not a new concept in China — as attested to by the more than 128 million people using online payment systems in this country.

Growth Pains

Continued growth is not without its associated pain, with an Internet system that leaves up to 60 percent of users deal-

ing with viruses, malware, Trojans and hacker attacks. On top of this, many users complain of passwords being stolen, which is reminiscent of Google's complaint on cyber attacks, identity theft and hacked e-mail accounts.

Aside from this are the ever growing security concerns that the Chinese government is facing with this growth. The Chinese government is known for its tight reign on the Internet, as signified by its scarred relationship with Google — which they eventually mended with the government's approval to renew its Internet Content Provider license, and Google's simple circumvention of China's censorship policies.

The number of online users already accounts for a third of the Chinese population and has increased tremendously from the 384 million it registered towards the end of 2009.

Dominating the Culture of the Internet

With China at the helm of the global Internet presence, it will eventually become a digital guiding light that will influence future trends on the Internet. With an average of 34 hours of weekly media usage, Chinese users will most likely be engaged and influencing online behaviors in these five major usage areas, which include communications, commerce, publishing, mobility and research.

China's presence at the top of each of these usage areas will eventually influence online behavior — which is now believed to hold more influence and sway than television and other forms of media. [ASP](#)

COMPANIES MENTIONED IN THIS ARTICLE:

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www.google.com
- **Alibaba**
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- **Taobao**
www.taobao.com
- **Yahoo! Japan**
www.yahoo.co.jp



Sky is the Limit for China's Mobile Industry

BY VINTI VAID

In just a short period of time, China's mobile industry has gone from a mere follower-of-trends to the world's biggest market for mobile phones, owning the largest telecommunications network in terms of capacity, and the highest number of subscribers.

During the past decade, Chinese telecoms experienced remarkable double-digit growth, unsurpassed in the industry.

With recent moves by the Chinese government following the issuance of long-delayed 3G licenses, the telecom industry in the country is set to experience a new restructuring, riding a new wave of development that will further its growth prospects.

Continued from Page 36

Korea, where social networks have been a fixture of society for years.

And there do indeed appear to be dangers — and they may be coming up rapidly. A ZDNetAsia article in July found that the mobile banking scene today faces a far greater threat of problems such as malware and viruses attempting to attack mobile phones and devices being used to conduct online banking transactions. Sandeep Lai of consumer banking group eBusiness at

Moving from the traditional voice call market, the industry is set to push more non-voice mobile applications that will eventually catch up with other players in the more developed global market.

Market Performance and Outlook

Government-controlled China Mobile is the world's largest telecommunication company with a subscriber base reaching the 500 million user mark. The company is experiencing continued profit growth, registering increases in its average revenue per user, a key indicator that is used to gauge performance in the telecommunications sector.

This growth trend occurs despite setbacks that the network experienced with England-based Vodafone's sale of its 642.87 million shares of China Mobile. At least 70 percent from this sale will be returned to the company's shareholder or pay off its debt, as spokespersons from China Mobile announced that the British company was free to do whatever they want with their shares.

Despite that, China's telecom industry will focus on technological trends such as the growing popularity of smartphones in Asia. Industry experts forecasted that by the year 2015, at least half of Chinese mobile users will be using a smartphone, a figure that is still a long way from China's current smartphone usage of 5 percent among its

Singapore's DBS Bank said more and more consumers use their mobile phones to conduct such transactions, the amount of viruses and malware will increase, which is why banks today are mindful of such security threats. [A-P](#)

COMPANIES MENTIONED IN THIS ARTICLE

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subscribers. These figures would most likely swell as the price tags on smartphones continue to be much cheaper and more competitive, further booming its popularity among mobile users.

Technology Deployments

For years, backers of the 3G standard have been asking for license issuance from the Chinese government. The industry responded with the emergence of China's own 3G standard, more popularly known as TD-SCDMA. These differences in standards have become a big issue and challenge for wireless operators and manufacturers, who feel that the idea was generated by bureaucrats and not by business people.

China's three mobile carriers, China Mobile, China Unicom and China Telecom invested a total of \$21 billion to build their 3G network infrastructures, with China Mobile focusing on TD-SCDMA and the other two on global standards. The roll-out for wireless 3G networks is set to provide mobile users with more value-added services such as Web browsing, music downloads and video streaming. This difference in standards would create limitations for global telecom players who would like to penetrate the Chinese market.

Many, however, have embraced this challenged and adapted the TD-SCDMA standard to work with China Mobile and penetrate its vast mobile market. This includes Sony Ericsson, which launched its first TD-SCDMA supported smartphones running on its own OMS 2.0 smartphone platform. Another is Research in Motion - which has deployed its TD-SCDMA version for the BlackBerry smartphone.

China Mobile is expected to pour in 45 billion yuan to support 3G development in coverage, rolling out more than 80 types of TD-SCDMA mobile units. [A-P](#)

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Computer Hardware/Computer Software/IT Services/IT Consulting

Tokyo, Japan

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Banking

Singapore

Korea Must Build Ferrari of Hand-Held Devices

BY EMANUEL PASTREICH

It may seem odd to suggest that Italy be the model for Korea in its future development in technology.

Although Italy does not hold the dominant position in high volume manufacturing that Korea possesses, Italy offers exactly what Korea needs to jump into the next stage of economic development: an emphasis on fashion and ergonomics.

Italy has established itself as the undisputed leader in design, with such names as Gucci, Prada and Ferragamo in fashion and in the automotive sector with leaders such as Ferrari, Maserati and Lamborghini. The aesthetic sensibility and artistic quality found in Italian products are what Korean products lack.

Let us start with the basic facts

Korea does not need more technology at this point and it does not need more manufacturing capacity. It needs to build cutting-edge devices that will capture the imagination of users and define new fields, along the lines of the iPhone.

Let us consider the case of handheld devices. Korea must dominate the high-end of handheld devices and use that position to make its brand value unassailable along the lines of Gucci or Ferrari.

Let us imagine that Korea builds a "Ferrari of Hand-held devices," a top of the line device that is so innovative and so luxurious that it leaves behind all competitors. That specific product will affect how all Korean products are perceived globally, placing Korea in an unprecedented dominant position.

At present, there are top of the line handheld devices available, but the market for a truly exclusive range of handhelds (10 million won to 60 million won range) has yet to be explored seriously. The opportunity for Korea is tremendous in this blue ocean.

Part of the problem is the "imagination gap" that so troubles Korea. We find that the design used in Korean devices is often unimaginative and even trite: an attempt to catch up with an imagined modern world in the United States rather than a daring leap forward into uncharted territory. The images used for the icons in Korean handhelds are bland stock photos. The structure of menus lacks innovation. The technology is a breakthrough but the design is not.

But the point is not that Korea should team up with Gucci. Rather Korea should learn from Italy how to combine its own cultural and manufacturing sectors effectively. All you have to do is open up a recent issue of Art in America magazine to see that Korea has the most creative and adventurous visual artists in the world. Those Korean



mavericks of painting and sculpture (music and drama) are second to none. But they are not being consulted at Samsung about the layout of the Galaxy. Korea has both the artistic creativity and the engineering know-how.

All we need is to bring them together

Let us take a moment to imagine what the Ferrari of handheld devices might look like. The exterior will be handcrafted of wood, stone and silver with the loving care you might put into a diamond necklace. Although the software within the device will be changed constantly, the perfectly crafted exterior will last for a lifetime.

The visual representation of information will be deceptively easy to use, so well thought out that it is additive, no matter what the price. CEOs will gladly pay 50 million won, or more, for one of these devices.

The images used within the device will be stunning. They will be remarkable illustrations in a perfectly designed "interior architecture" for the representation of information.

The layout within the programs will be original and highly functional. The handheld features an inner landscape so perfectly structured as to create a "memory palace" for the user that he can constantly customize to his needs. The user can walk through a 3D "house" within the device that organizes all information on shelves and drawers, or boxes, or whatever form is most appealing to the individual. Just clip on a pair of electronic "eyeglasses" and the user can wander through the device like her apartment to find and organize information in the most convenient manner.

As the user builds the "interior" of his handheld's virtual reality, this activity of personalizing the representation of infor-

At present, there are top of the line handheld devices available, but the market for a truly exclusive range of handhelds (10 million won to 60 million won range) has yet to be explored seriously.

mation becomes a personal, even creative, activity for the user. He will never want to give up the device he has invested so much time in creating an internal world in.

The major problem of our day is that handhelds, rather than helping the CEO, have made him into a secretary. He must schedule everything by himself and call, message or e-mail all day long. The amount of time consumed is enormous. The solution is to put the secretary in the device. A live secretary (or team) works remotely with the handheld device to arrange all information in an optimal manner 24 hours a day, and conduct research. A supercomputer link helps with more complex tasks. The potential of this market for high-end handhelds has not even begun to be explored.

If the user has a pile of business cards after a party, he can just take a picture of them with the device and press send. The information will be input in the optimal manner by the device support team. And after research, has been done by the team on the business cards, recommendations are made as to how those individuals could be useful for specific ongoing projects.

Another service is instant access to experts

If the CEO needs to talk with an expert on nuclear power, or on biotechnology, or a real estate agent in Argentina, the support team will use a paid group of consultants to set up the telephone call immediately. Simultaneous translation will be offered as well if necessary. For a bit higher cost, the CEO can be put in touch at the press of a button with Nobel Prize winners or important figures in the arts and media. This built in consulting service will make all the difference to the CEO in his business activities. Price will be a secondary concern.

Korea can learn something valuable from the Italian tradition of high-end craftsmanship. Korea has some of the most creative artistic minds in the world. Bring those artists into the workshop at Samsung and SK and there will be no limit to how far Korea can go. [A-P](#)



Singapore's Formidable Biotechnology Industry

BY LYNETTE WU

It may have recently been beset by economic turbulence buffeting the world economy, but Singapore is forging ahead — most especially in biotechnology and biomedical sciences.

At a speech delivered at the second International Conference on Cellular and Molecular Bioengineering, Minister of State for Trade & Industry and Manpower Lee Yi Shyan said Singapore has established a research network that incorporated the coun-

try's A*STAR — the Agency for Science, Technology and Research — the academic medical centers co-locating with medical schools and universities and public hospitals. Biotechnology and pharmaceutical companies, the Minister said, could elect to work with the network in order to improve drug development via clinical and translational research.

Singapore's efforts to put together a functional and effective biotechnology industry have already borne fruit. More than 4,300 researchers have set up shop in Singapore and are currently undertaking biomedical research in both the public and private sectors. Moreover, medical firm Roche announced in January that it is to set up the Hub for Translational Medicine and will work with Singapore's medical and research institutes. A*STAR is collaborating with the Center for Integration of Medicine and Innovative Technology, based in Boston, which points out particular problems and attempts to see if researchers and engineers can solve them.

Other research developments that took place earlier in 2010 have served to further boost Singapore's reputation as a biomedical research hub. For example, in June 2010, as detailed by the Singapore Econom-

More than 4,300 researchers have set up shop in Singapore and are currently undertaking biomedical research in both the public and private sectors.

ic Development Board, the Hebrew University of Jerusalem, Israel's oldest and largest university, announced that it will set up a research center in Singapore that would focus on crafting cutting-edge inflammatory disease therapies for sufferers in the region, and which would leverage Singaporean expertise and talent by working

FACTOIDS

- Singapore seeks to adopt a truly multicultural and collaborative approach to research. More than 100 researchers representing 18 nationalities staff the Novartis Institute for Tropical Diseases.

- Statistics from Wiley-Blackwell (2007) state that Singapore is one of the world's top research locations. An average of 1.41 papers is generated per 1,000 people.

- The Singaporean firm MerLion Pharmaceuticals was selected as one of FierceBiotech's top emerging biotechnology firms in 2007 — the first Asian company since the awards began in 2003.

(Source: Singapore Economic Development Board)

- Build a sustainable competitive advantage in biotechnology

closely with scientists from the research community. Secondly, the Global Asia Institute of the National University of Singapore launched a set of multi-disciplinary research projects, including one touching on public health — Type 2 Diabetes Mellitus and its risk to Asians in particular. Thirdly, encouraging research results from cancer research by a Singapore-led trials group, the Asia-Pacific Hepatocellular Carcinoma Trials Group, was presented at the American Society of Clinical Oncology top-level conference.

Minister Lee added that the country is continuing to improve its capacity to meet the region's burgeoning healthcare needs by training medical device innovators. The Medtech IDEAS program, which is supported by the Economic Development Board, focuses on the training and preparation of multi-disciplinary engineers. In addition, said the Minister, Nanyang Technological University has recently opened a new School of Chemical and Biomedical Engineering to help grow local and regional research talent. [A-P](#)

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www.rikvin.com
Business Registration
Singapore

Asian Technology Picks Up While Europe's Lags

BY KEVIN LIU

While technology sectors in Asia and Europe were hit hard by the global recession, lower costs and increasingly high quality of products and services offered by the Asian technology sector have enabled it to be competitive vis-à-vis its European competition.

In addition, the fact that China and India have been growing, combined with the increasing competitiveness of the Asian sectors, have led to increased demand in those markets for technology products and services from local firms.

In the technology sector as in many other sectors, Europe is at a disadvantage vis-à-vis Asia. On average, Europe must pay its workers significantly higher wages and charge them far higher taxes than Asia does.

In addition to this, the Asian technology sector has only grown far more competitive over the years. In a 2007 study conducted by the Economist magazine concerning the competitiveness of the worldwide technology and IT industry, Asia-Pacific countries had a very strong showing, with Japan and South Korea offering the strongest environments for IT competitiveness, and other Asian nations such as Taiwan and Singapore also present in the top tier.

This competitiveness, the Economist found, was due to key factors such as an abundant supply of skills, a sophisticated technological infrastructure, a business environment that encouraged competition, cultures that stimulate innovation, and balanced government support.

The region also leads in terms of the numbers of skilled employees it generates; six of the top ten nations in terms of employee generation are from the Asia-Pacific region. In addition, Japanese, South Korean and Taiwanese firms are very heavy R&D investors and generate a large number of patents — exceedingly important for tech-sector competitiveness.

This double advantage for the Asian sector puts the European sector at a significant disadvantage. For instance, in a recent article on the green-technology sector, European Climate Commission-

FACTOIDS

- In 2008, after the economic crisis began, the United Nations Conference on Trade and Development estimates that foreign direct investment in Europe plummeted by 39 percent to \$559 billion, as part of an overall drop in developed-economy FDI by 25.3 percent.

- By contrast, direct investments made in the same period in developing economies rose by 7.2 percent to \$549 billion, indicating that corporations shifted their investments to Asia and other developing regions when Europe and the U.S. entered recession.

- In 2009, Asia and other emerging markets are seen to help boost global technology spending by 11 percent, up from 8 percent in 2009.

- By contrast, says KPMG, European issues such as sovereign-debt concerns and the euro's poor performance against the US dollar continue to hobble European technology spending.

er Connie Hedegaard said that Europe requires significant political backing in order to be able to compete with the increasingly innovative, dynamic and agile Asian tech sector.

As a reflection of the disparity in performance between Europe and Asia, a recent Economist survey (Tech Sector Barometer, March 2010) found that only 28.8 percent of European respondents expressed confidence that the financial health of companies in the tech sector would improve within the next six months, whereas over 60 percent of respondents in both the U.S. and the Asia-Pacific region are confident that the sector will see some improvements over the same period. In addition, 54.2 percent of Asia-Pacific respondents see R&D activity in their region increasing over the next six months, while only 34.9 percent of European respondents see the same happening in Europe. [A-P](#)

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- The Economist
www.economist.com
- KPMG
www.kpmg.com



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Smart Grids are on Asia's Radar

BY REENA SAXENA

Increasing efficiency, decreasing expenses and boosting green credentials have spurred many firms and countries in Asia to undertake initiatives to improve the way they use and distribute resources.

One of these initiatives is the implementation of the smart grid system — a revolutionary approach to power distribution that is geared to overcome the efficiency problems plaguing today's systems.

Many rapidly developing nations of the Asian region are beginning to make significant investments in smart grid technology and development.

Smart grids represent the union of power-

distribution networks with digital technology. Smart grids are cutting-edge power-distribution grids that are far less centralized than current grids and give consumers more opportunities to interact with the grid.

They are improved electric supply chains that extend from power production facilities to consumers' homes.

The use of an aging or outdated power-generation system has significant consequences. As outlined by the U.S. Department of Energy, these include the unreliable transmission of energy; a low capacity to determine high- or low-electricity demand areas; poor efficiency of energy-generation and transmission; diminished energy security; significant environmental impact thanks to high wastage; lowered global competitiveness due to inefficiency; and an extremely high overall cost of energy and electricity.

The basic concept of a smart grid involves the addition of modern-day cutting-edge tools to confer analysis, communication, and monitoring and control capabilities upon many of the technologies that electric utilities already use. With their electrical delivery systems thus optimized, administrators would be able to significantly reduce overall energy consumption and maximize system throughput — in a word, increase

The basic concept of a smart grid involves the addition of modern-day cutting-edge tools to confer analysis, communication, and monitoring and control capabilities upon many of the technologies that electric utilities already use.

FACTOIDS

- A Bloomberg report published in 2009 estimated that China would need to spend as much as \$10 billion a year until 2020 in order to set up a national smart grid.
- According to the U.S. Department of Energy, the American power grid is the world's largest interconnected machine, consisting of more than 9,200 electricity-generating units that have more than 1 million megawatts of electricity-generating capacity, connected to more than 300,000 miles of transmission lines.
- According to Microsoft's Worldwide Utility Industry Survey 2010, 42 percent of respondents from the Asia-Pacific region believe that the information technologies available today are insufficient to address future challenges in the smart grid sphere.

efficiency.

A smart grid can respond almost instantaneously to interruptions due to attacks, natural disasters and other such causes — allowing for uninterrupted electricity supply at the consumer end.

Smart grids are positioned to work with future technologies as doing so becomes viable. Examples of these technologies include smart metering, plug-in hybrid electric cars and other vehicles, future advanced energy sources, and distribution automation.

Current Smart Grid Penetration in Asia

The advantages offered by smart grid adoption have led to smart grid technology being embraced by many nations, industries and firms in Asia. As a matter of fact, as market research firm Zpryme reported, Asian investments in smart grids are expected to outpace that of the U.S. China, for instance, has invested \$7.3 billion in smart grids this year. Moreover, according to research firm Yuanta Securities, China may spend more than \$100 billion over the next decade to upgrade its power-distribution network.

Japan and South Korea are also making significant investments in information technology and infrastructure solutions aimed at boosting the efficiency of their own electrical distribution networks. South Korea and Japan, which are described as being a step ahead of China in this regard, have earmarked more than \$800 million this year to spend on smart grids. South Korea is planning to spend approximately \$23.7 billion by 2030 on smart grids, and to this end is constructing the largest smart grid test bed in the world on Jeju Island.

In addition, found Frost & Sullivan in a study on smart grids in the Asia-Pacific region, other nations such as Australia, Singapore and New Zealand have also announced stimulus packages to help jumpstart local investment in smart grids. To date, only Australia has mandated the installation of smart meters — advanced electrical meters that record consumption data and transmit

it back to utilities.

The massive investments being made by China, South Korea and Japan are also seen to benefit firms that are in the power-distribution business, from large multinationals such as IBM, Microsoft and Cisco to smaller local firms like Japan's Osaki Electric Co., which manufactures electric measuring devices; South Korea's LS Industrial Systems, an owner of power transmission and distribution technologies; and China's Zhuzhou CSR Times Electric Co., a manufacturer of electric control systems and converters. As a matter of fact, since future power-distribution networks could go wireless, even mobile communication service providers could also stand to benefit from the smart-grid boom.

Frost & Sullivan also says that developing nations such as the Philippines, Indonesia, Thailand and Malaysia have been less enthusiastic about the adoption of smart grid technology as they are mindful of the significant costs that would be incurred by doing so. However, once the benefits of smart grid investments become evident, the governments of these nations are likely to provide funding plans to assist those utilities interested in putting up smart grids, as well as other incentives to build local industries.

Challenges Facing Asia's Smart Grid Industry

The popularity of smart grids in Asia notwithstanding, research firms such as Hi Investment and Securities see significant challenges — both currently and down the road — for the developing Asian smart grid industry.

There does not appear to be an agreement on global standards concerning smart grid deployment, with Europe and the United States making separate moves to shape global standards. The danger is that Asian firms may have to spend significantly to comply with standards set by the U.S. and Europe. There is a significant need, therefore, for Asian firms to work closely with their Western counterparts and have a say in these standards as they are being developed.

In addition, Microsoft's Worldwide Utility Industry Survey 2010 has discovered that the worldwide smart grid revolution is being viewed as overwhelming by many utilities worldwide, thanks to the challenges switching to a smart grid confers — financial, regulatory and technological among them. In particular, respondents from the Asia-Pacific region cited the prevailing worldwide economic climate as well as regulatory factors as two major challenges the industry faces.

Another major challenge, as outlined by Julie Hance, vice president of software solutions for Microsoft partner Itron North America, is to bring close industry-wide collaboration to bear in order to help utilities truly improve grids. [A-P](#)

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www.hi-ib.com/
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Seoul, South Korea

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What form of advertising is best - television, high prestige magazines - to convince the buyer to open his wallet?

The best way for a luxury brand to convince the buyer to open his wallet is to build a strong brand in this new wealthy market. If a strong brand name is easily recognized by the general public, it is more appealing to them than smaller or unknown brands.

As for Chinese celebrities who advertise luxury goods, what products and image are they selling?

The problem of Chinese celebrities is there are very few real big international stars from China, besides Zhang Ziyi, Jet Li and Jacky Chen etc. For luxury brands, there are almost no choices to find their perfect characters to advertise their brands and products. Because of the selectivity of this industry, the celebrities public image should be very selective as well in terms of personal reputation, brands associated, events and activities associated and personal lifestyles and public Q/A.

Hasn't the love of luxury brands triggered a massive counterfeit industry in China?

For sure the counterfeit industry benefits from the luxury industry because the latter creates very high world wide demand. So counterfeiters can sell the fake product very easily.

How can the Western manufacturer protect himself from fake products in China?

Western manufacturer's should fight against counterfeits by all means and by actions. Waiting for others' help and complaining is not an effective and direct course of action. [A-P](#)



Specialist A.J. Guillette, a saxophone player, poses with a young South Korean child at the 2010 Wonju Tattoo.

In Korea, Music Mends Fences

BY BRYAN KAY

When British soldiers arrived in war-ravaged South Korea in 1950 ready to do battle with the communists, one of the first things they noticed was a rag-tag U.S. army band struggling to keep in time.

During the three-year conflict, musicians of varying stripes were summoned to entertain battle-weary troops in the hope that their music would boost morale.

"We landed at Busan in South Korea to be greeted by a hysterical, noisy welcome from the Koreans and an American band of some doubtful ability as musicians, but certainly not lacking in enthusiasm," recalled a member of the Argyll and Sutherland Highlanders, a British regiment that formed part of the United Nations 27th Brigade.

Six decades on, American soldier-musicians are classically trained bandmen with enough talent to play in orchestras.

Crucially, they are now also key members of the U.S. military public relations machine, deployed to tattoos, concert halls and street parades to improve their image in a country that views them with equal measures of gratitude and derision.

Much of the burden is taken on by the U.S. 8th Army Band, based on the peninsula since the Korean War, with one of their most recent assignments taking place at the Wonju Tattoo.

One of South Korea's major shows of military music, their performance was a homage to "U.S.-South Korean unity" and in tandem with 60th anniversary commemorations for a war in which the United States played a key role fighting off China-backed North Korea's attempt to bring the South under the cloak of communism.

Though the U.S. troops stationed in the South have helped prevent a repeat, tensions bubble under the surface as today's South Koreans often struggle to reconcile their ubiquitous presence.

A relationship that veers between love and hate, South Korean feeling over the U.S. military has been marked by what some see as a dysfunctional quality. Some locals appear to be caught between the value of the deterrence and nationalistic feelings of ownership.

Staff sergeant Ronni Hinkle, a clarinet player in the U.S. 8th Army Band, references a 2002 incident in which two Korean

"I don't want them to leave," she says, "but I want them to act properly ... because of North Korea of course."

— KIM SONG-EUN, STUDENT FROM DAEGU

schoolgirls were crushed to death in an accident involving a U.S. armored vehicle. The tragedy sparked a violent backlash of anti-Americanism that led to a siege-like mentality at U.S. bases.

Elsewhere, consistent Pentagon denials over whether there were orders during the Korean War to shoot refugees at No Gun Ri – later labelled a massacre – also stoked tensions.

Day-to-day hostility is rooted in crimes committed by few U.S. soldiers and environmental concerns over the land at bases.

"Our music could be the difference between keeping an enemy and making a friend," says the 50-year-old from Aberdeen in the state of Washington. "Sometimes it is as if we are like pawns, but I feel important here. I have never felt this important. I feel part of an important political machine."

The band commander and conductor plays down the role, but admits they carry out a useful function. "I don't think we are used intentionally," says warrant officer Dewayne Kendricks, 45. "I would say we are used to show the good side of everything America is about. That's a role we always have."

Since the March sinking of the South Korean warship the Cheonan, a politician-driven swing in favor has once again passed over the 28,000 U.S. troops stationed in the South. The much-debated transfer of wartime control of troops from the U.S. to South Korea has been pushed back to 2015 – an indication the government feels the U.S. military deterrence is still needed.

Opinion in society, though, remains divided.

Yum Go-lum, 22, a South Korean conscript seconded to the U.S. army, reckons many of his countrymen who profess hatred of the foothold are ignorant.

"In Korea, half like the Americans and the other half hate them," he says. "At one time, I was like the ones who hate. But when I came [to the U.S. army], I changed my mind. Before, I didn't know any foreigners. Many Koreans who say they hate Americans have never been around any foreigners."

Kim Song-eun, 23, a student from Daegu, cites media reports that claim American soldiers "take advantage of Korean women for sex" as evidence in support of their unsavory reputation. "I don't want them to leave," she says, "but I want them to act properly ... because of North Korea of course."

"We Go Together," the closing song in the 8th Army Band performance at the Wonju Tattoo, chronicles the U.S.-South Korean alliance forged since the 1950-53 conflict. For people like Yum, who sings the Korean language portion of the piece, it signifies a union set in stone.

Staff sergeant Joseph Martin, on the euphonium, believes it is largely those with memories of events 60 years ago who respect the soldiers. "The older people really take to us because they remember the '50s," says the 31-year-old Texan. "The younger ones don't really know. They are just like, 'Get out of our country.'"

Wonju native Lee Hae-won, 60, is a case in the affirmative. He says the Americans are a necessary part of life, adding, "Some people from the team are bad but I like them as a unit."

But one member of the band, who says he prefers to be identified as a musician rather than as a soldier, sees an irony in songs such as "We Go Together."

"There's a propaganda element," he says. "We can talk about North Korea and its propaganda – it's all they do. But I can't help feeling this is our version of propaganda." **A-P**

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