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Know Your Sun Tzu



Indo Korea Connect

Success Story of  
Korea's KakaoTalk



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REPORT

Vol. 3, No. 8, 2011

## GREEN GROWTH

▶ PARADIGM  
SHIFT IN  
DEVELOPMENT  
AND ECONOMIC  
GROWTH

FORMER KOREAN  
PRIME MINISTER  
HAN SEUNG-SOO



S. Korean Growth Rate Revised  
Downward, Following 1Q Growth

Importance of Logistics Industry  
for Growing Economies

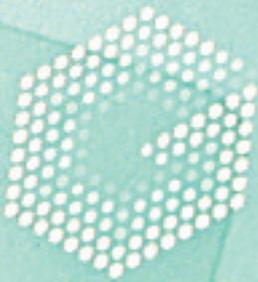
Chinese-made Luxury Yachts  
Now Have a Status Tag

Asia Tech Coming Clean  
with Green Solutions

Drought in China and  
its Implications

China Fights  
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# GREEN GROWTH: EMERGING PARADIGM SHIFT IN DEVELOPMENT AND ECONOMIC GROWTH

GLOBAL GREEN GROWTH INSTITUTE LEADS THE WAY



BY MATTHEW WEIGAND

If you were in the vicinity of the Lotte Hotel in downtown Seoul on June 20 to 21 of this year, you might have noticed an increased security presence and an unusually large number of nondescript black cars. That was due to the Global Green Growth Summit, in which 91 foreign dignitaries from 25 different countries gathered to discuss the issues of climate change and the technological response to these unfortunate realities.

Notable figures attending from abroad included Lykke Friis, the Danish Minister for Climate and Energy; UNESCAP Executive Secretary Noeleen Heyzer; and Angel Gurría, the Secretary-General of the OECD. Korean President Lee Myung-bak also spoke in the opening ceremony, and in attendance by recorded video was Ban Ki-moon, Secretary-General of the United Nations. The date itself was also quite significant, as this year is the 50th anniversary of the OECD, the 15th anniversary of Korea joining it, and the one year anniversary of the Global Green Growth Institute, launched in Korea.

The point of the summit was to try to push a more responsible civilization which would change policies and influence public and private sectors to use more sustainable technologies in order to try to avoid the problems that the industrial revolution has caused the planet. President Lee said at the opening ceremony, "We can make changes if we concentrate all our efforts on harmony between man and the earth. The key to a green economy with low carbon emissions is technology." The President's office said that he hoped the forum would become the premier forum in which to discuss global green growth issues.

The two days of the summit had different focuses. The first day was designed to reinforce cooperation between countries in the development of green growth, and for sharing development strategies. The second day focused on new partnerships and leadership in green growth. Because it was also an OECD meeting, some of the topics discussed on the second day veered away from green technology and into discussions about Korea's economy.

Notable statements during the summit



The point of the summit was to try to push a more responsible civilization which would change policies and influence public and private sectors to use more sustainable technologies in order to try to avoid the problems that the industrial revolution has caused the planet.

HAN SEUNG-SOO | GLOBAL GREEN GROWTH INSTITUTE CHAIRMAN

Q&A

## Korea Taking the Lead in Pushing Green Growth

The Asia-Pacific Business and Technology Report interviewed Dr. Han Seung-soo, former Prime Minister of Korea, in his new position as the Chairman of the Global Green Growth Institute, which is an organization dedicated to promoting green growth around the world. We spoke with him about green growth, governmental support, and the future of a post-Industrial Revolution globe.





included one from Masayoshi Son, Chairman and CEO of Japan's Softbank, who said that Japan needed to reduce its nuclear energy dependence. He apologized to Japan's neighbors by saying, "We feel very sorry to our neighbor countries like Korea, China, Taiwan and so on, and also for polluting the air around the world. This is a big change. And I feel so sorry about that, so we have to make some change to the Japanese environment dependence on the [nuclear] energy."

There was some good news as well from Suntech's CEO Zhengrong Shi. Suntech is the world's biggest maker of solar panels,

and its CEO noted that the cost of electricity had gone down in the past year. "Today, I'm very pleased to see that we, Suntech, together with all our global PV [photovoltaics] companies have driven down the cost of solar electricity by more than 70 percent since 2001. It is now as low as 50 US cents per kilowatt hour in many regions even without government subsidies," he said.

The summit was a significant step for Korea as a whole and the Lee administration especially, since Lee Myung-bak has been pushing for the promotion of green growth as one of his major policies for his entire ad-

ministration. Korea is trying to place itself at the forefront of the global green technology push with its Global Green Growth Institute and the government-led research and development of wind power, solar power, and fuel cells. This summit laid a stronger foundation for a good next step in that direction. In fact, Ursula Schaefer-Preuss, Vice President of the Asian Development Bank, praised Korea on the first day, saying that its road-map for green growth was a role model for other countries. She expressed hopes that countries would cooperate on new environmentally-friendly policies simi-

### In Korea there is a government-led push for green technology development. How does that match up with the private sector in Korea? Are there significant private sector initiatives for green growth?

Green growth is a new growth paradigm different from traditional quantity-oriented fossil fuel-dependent growth. So it has to be initiated directly by the government. On the growth paradigm shift, the government has to be a leader while the private sector is a follower. Once the government sets the strategy in motion, then there will be incentives for the private sector to join in. That is what will happen in Korea.

For example, when the green growth policy was initiated in January 2009, green technology was one of the most important components of its policy package. We then identified 17 sectors as new engines of growth under 3 different categories. These included six projects under the category of green technology industries such as renewable energies, low-carbon energies, advanced water management, LED applications, green transportation systems and green cities; and another six industries in the category of fusion technology including IT fusion with manufacturing technology such as robot applications, new materials and nano fusion, biomedicine and high value-added food industries. Finally, an additional five



projects make up high value-added job-creating industries such as globalized healthcare and education services, green financing, content and software development, medical services, and so on. The government is to allocate 2 percent of the GDP as R&D on green technology and green growth-related areas. Through this we are trying to broaden the infrastructure for the private sector



lar to Korea's.

The Global Green Growth Institute (GGGI) was heavily stressed during the summit. The Chairman of the institute, Dr. Han Seung-soo, also gave one of several opening speeches. The GGGI is the natural progression of the activities at the summit, and by cooperating with it, the concerned countries can further coordinate their agreements reached at the gathering. The GGGI, even after just one year of operation, already has an impressive list of accomplishments. The institute has opened two branch offices, one in Copenhagen and the other in Masdar City in Abu Dhabi. The GGGI has also been active in Kazakhstan by attending the EBRD's 20th annual meeting in Astana and giving a presentation entitled "Building Kazakhstan's Green Growth Pathway" on May 19 (the EBRD is a major multilateral development bank). The GGGI agreed to help implement Kazakhstan's National Green Growth Plan in the upcoming months. Its strategic partnership with EBRD will aid in the efforts of both organizations to promote green further around the world.

The GGGI also signed a memorandum of understanding with the World Economic Forum on January 30 of this year, aiming



so that it can join in when the time comes.

### How does Korea stand up on the global stage compared to other countries that are also focusing on green growth technology?

As you know, Korea is the first country that implemented the green growth strategy. Green growth is Korea's response to the challenge of climate change. Most countries are trying to respond to climate change, but unless you change the system, you will not be able to solve the fundamental problems of climate change. Climate change is one of the best examples of externality on a global scale and what we are trying to do in Korea is to internalize it by endogenizing climate change as a domestic variable in our policy-planning equation.

Korea is the first country that has been actually implementing green growth policies since January 2009. We have several institutional frameworks initiated. The Presidential Committee on Green Growth was established and the National Assembly passed a Framework Act on Low Carbon Green Growth, the first of its kind in the world. We are in the third year of implementing the first Five Year Green Growth Plan (2009-13). There is no other country that is going through this kind of system change at this moment.

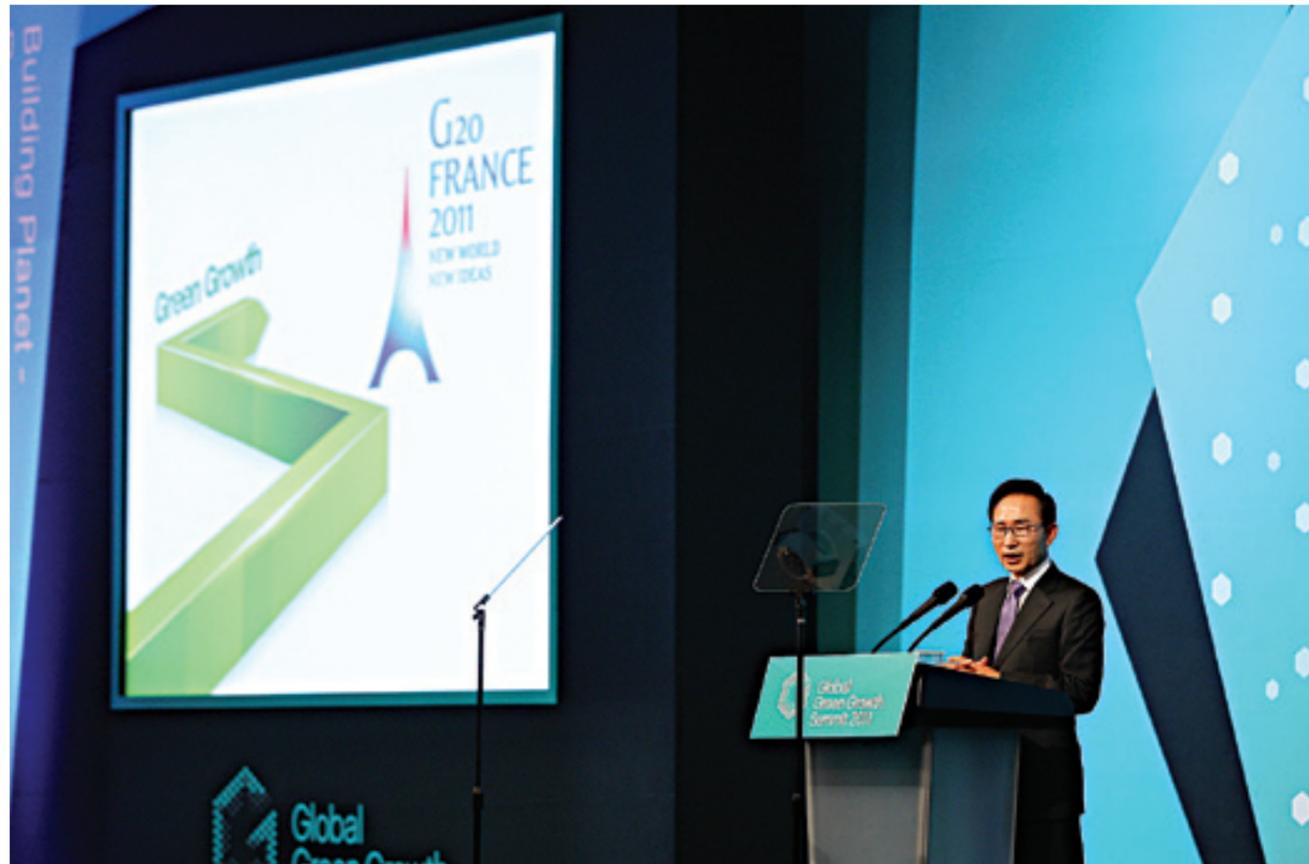
Two years ago when I was the Prime Minister and served as Chair

of the 2009 OECD Ministerial Council Meeting, I was able to garner unanimous support of the participating ministers to adopt the Declaration on Green Growth. Based on that resolution, the OECD Secretariat began to study green growth, producing this year a very important document entitled Towards Green Growth.

### You are very invested in global sustainability, being involved with many different international initiatives. What are your worries about the future of the world, and your hopes, as far as green issues are concerned?

I am currently on the UN Secretary-General's High-Panel on Global Sustainability and serve as Co-Chair of the Working Group II dealing with paradigm shifts.

I am worried that the year 2012 is the final year of the Kyoto Protocol and there is no prospect of any new agreement that will replace it. For the success of the Conference of the Parties of the UNFCCC, many world leaders met at COP 13 in Bali, COP 15 in Copenhagen, and COP 16 in Cancun but no concrete agreement was made. I am worried that unless we find a new modality to tackle the challenge of climate change, the future of the world cannot but be very gloomy.



to work together to support green growth through public-private partnerships. More specifically, the two organizations will work together to promote low-carbon green infrastructure and a more intelligent use of water resources. GGGI has received financial support and encouragement from increasing number of partner countries in-

cluding Denmark, the UAE, Australia and Japan. During 2010, GGGI launched work in its first three countries: Brazil, Ethiopia and Indonesia. Work will continue in these countries during 2011 and begin in Kazakhstan, the UAE and Cambodia. Not bad after just one year of work.

The summit emphasized a few key points,

and their continual emphasis from many different sources could serve as a measure of the pulse on the current status of climate change opinion. Every official attending the summit believed that something should be done about climate change, which is a welcome contrast to the debate still raging in the popular media of many countries.

I believe that mitigation alone will not solve the problem of climate change and that in order to change the system, the new paradigm of growth, i.e. green growth, has to be adopted globally. That's why Korea's green growth strategy is timely and this new paradigm of growth will be able to fundamentally solve the problem. The Global Green Growth Institute (GGGI) was created to share Korea's knowledge and experience on green growth with developing countries.

### There are many differences between developed and developing countries. As a leader of the green growth technology philosophy, what kinds of solutions can you suggest so that developed and developing countries can move forward together?

When faced with the problem of climate change, we tend to point fingers at each other, blaming another party for being more responsible. It is true that those countries, i.e. Annex 1 countries defined in the Kyoto Protocol which benefitted greatly from the first industrial revolution, are more responsible than the others. That is why the principle of common but differentiated responsibility is inscribed as the most important principle of the UNFCCC. However, with the rapid economic development of emerging economies, their responsibility is also increasing. That is why the National Appropriate Mitigation Action (NAMA) was agreed at the time of COP13 in Bali, opening the door for developing and emerging economies to take some responsibility.

**A paradigm shift is a good idea, and after the nuclear crisis in Fukushima many countries have decided to shift from nuclear to other sources. But how realistic is it for developing countries to have a**

### paradigm shift, like for Korea to shift from nuclear to sustainable energy?

When I went to Hannover in 2009, I had a long talk with the President of the Max Planck Institute who said that although we are trying to develop new and renewable energy as a major substitute for massive fossil fuel usage, it will take many years for this new and renewable energy to replace fossil fuels, and until then the only alternative clean energy is nuclear. Unfortunately, because of the impact of the tsunami on the Fukushima nuclear plant, public opinion is now against nuclear plants. At the time of the Three Mile Island incident and at the time of the Chernobyl accident in 1986, public opinion was also against nuclear energy. I think it will take some time to restore the confidence of the public in clean nuclear energy. In an age of climate change, nuclear energy seems to be the only alternative for some time to come.

### China is the biggest polluter in the world. Until we are able to solve this problem, able to bring China on board, nothing concrete will happen. What are your proposals to solve China's crisis?

China is now the largest carbon emitter followed by the United States, Russia and India. They are all heavy polluters. China has actually been doing a lot to solve this problem. For example, their recently announced five year plan's annual growth target was lowered from 8 percent to 7 percent. By reducing the growth rate they are trying to use less fossil fuel. After that, they are trying to replace the whole system of electricity-generating plants using gas and oil by other hydroelectric and even nuclear plants. So in their own way China has been trying very hard to reduce carbon emissions.



Members of panels in the first few sessions spent quite a long time politely agreeing with each other on the seriousness of the situation and the dire consequences to happen if nothing was to be done about climate change. This widespread self-agreement among the attending members indicates that one should look to those absent from the summit for dissenting opinions. In that case, notable absentee nations from the summit included Russia, China, and the United States. One wonders what their reluctance is to participate in such an altruistic endeavor.

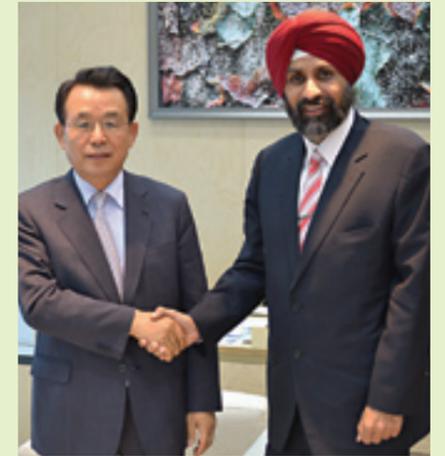
Also, another theme that was repeated throughout the two days of the meeting was the need for greater international cooperation. The officials in attendance at the summit all agreed that the problem was larger than just one or two countries could solve together, and any solution must be a concerted global effort. The discussions reminded those in attendance of the discussions surrounding the Kyoto Protocol in 1997. The solutions recently offered to the problems of global climate change also require international cooperation on the scale of the Kyoto Protocol, or even beyond that. The GGGI seems to be an excellent framework through which to encourage such international cooperation, and with a few more years of work it may be able to engineer a comprehensive policy change throughout most of the world.

The third major point that was emphasized throughout the summit was the need for a technological answer to climate change. This marks a new step beyond the idea of a simple reduction in pollution. If the ideas of the Global Green Growth Summit are implemented, this would result in a comprehensive, worldwide ef-

fort to develop and use the technologies needed to comprehensively change the way the world gets and uses energy. Some countries have a head start in developing green technologies, such as the Netherlands, Denmark, and the United States. The Netherlands and Denmark are known for their development in wind power, while the United States has been working on solar power initiatives for quite some time and several of the most successful solar-power-based companies are located there.

Other countries have the unfortunate position of not having made any investment into green growth technologies, and also not being fully powered by conventional fossil fuels either. This leads to some potential for criticism and finger-pointing, as countries which have not fully participated in the industrial evolution feel like they have now perpetually fallen behind the rest of the world, and as industrialized countries move on to the next step of green technologies, those same countries which benefitted from the industrial revolution are now trying to discourage other countries from having their own industrial revolution. However, hopefully with the coordination of the GGGI and like-minded international organizations, such problems can be solved for the betterment of the world as a whole.

All in all, the summit can be said to have been a success. It was encouraging to see so many different countries on the same page and working with the same ideas of technological solutions to climate change. The boost in visibility that sustainable, technological solutions to climate change have received through this summit and the continued work of the GGGI can only help our home in the long run. **A-P**



**It is commonly said that green technology is a luxury of the rich. It is the luxury of countries that have already achieved everything else and now they can care about such things as the environment. What is your response to such an idea?**

That is exactly the problem facing us when we want to emphasize the need for a growth paradigm shift. I think that the green growth paradigm shift is facilitated by the rapid advancement of information and communications technology. Many developing countries are beginning to benefit from the development of information and communications technology. Green growth is not a luxury which can only be afforded in developed countries but a necessity for any country which wants to grow and at the same time enhance climatic and environmental sustainability.

### Cooperation between India and Korea is very strong, with US\$20 billion in trade. But cooperation in green technology is that not that great. Why do you think that is?

You have to remember that Korea has embarked on this new paradigm only two years ago and we hope that we will be able to closely cooperate with India on this issue in due course.

### What are your future plans, what is your vision? How can Korea and your institute play a leading role in the adoption of green growth technology?

Our ultimate vision is for the world to emulate what Korea is trying to do in tackling the fundamental problem of climate change. GGGI was created only a year ago but has been affecting many countries already. We hope to continue to share the experience and knowledge of green growth with developing countries where the domestic capacity is lacking. Developed countries will not have any problem in emulating what we have been doing. As the main factor of production in green growth is new ideas, transformational innovations and state-of-the-art technology, GGGI has to do its best in promoting green technology. **A-P**

## Biofuel:

### Answer to Tomorrow's Energy Needs in Southeast Asia

BY SHAMILA JANAKIRAMAN

With increased industrialization and the launch of innumerable transportation vehicles, newer sources of energy are in great demand to fuel world economic growth. With conventional sources of energy depleting fast, alternative non-conventional sources of energy are being sought.

Natural sources of energy which are inexhaustible like solar, wind, and tidal energy are being tapped with huge projects being launched every day. However, the high set-up costs are prohibitive in most countries. Thus, alternative energy sources which are plentifully available as well as easy to produce are progressively required.

Biofuels are considered one such alternative to feed fuel-hungry industries and vehicles. Biofuels are produced either from living organisms or from metabolic by-products, which can be organic or waste food products. Fuels derived from at least 80 percent renewable materials are considered biofuels. Indirectly, they are a solar energy source, as such materials are a by-product of photosynthesis.

According to Singapore-based renewables analyst Per Dahlen, Southeast Asia has the potential to produce 1.4 million barrels of renewable biofuels per day in environmentally and socially responsible methods. This is expected to eliminate the need to import crude oil, the cost of which is becoming more dear by the day. Biofuels will also form a green sustainable energy source in demand among the increasingly environmentally-conscious population.

"Located in the tropics with an abundance of available land, water, and cheap labor, it should be feasible to turn this region into a biofuel-producing powerhouse," Dahlen added.

The developments in biotechnology have enabled the engineering of microbes to break up biomass into biofuels, as well as bio-chemicals and bio-plastics, in green and economically viable ways. Genetically modified organisms may raise controversies in the food sector, but in biofuels, they should be welcome.

A large proportion of the total agricultural output of Southeast Asia comes from palm, sugar cane, and rice. About 25-30 percent of the harvest becomes the end-product and a majority of the yield is discarded in the field. The biomass left in the fields is burnt and after processing, the leftover biomass is used to generate steam or electricity.

But the revenue potential of this biomass is immense if tapped for biofuel production. A huge processing plant may be set up to produce biofuel which will pay back its investment value within three to four years, and in the process reduce dependency on expensive crude oil.

With large tropical areas, Asia is well-suited for biomass cultivation, with yields



Nataliya Kostenyukova  
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reaching several hundred tons per hectare of biomass from cassava and sweet sorghum which give a yield in only a few months. The use of biotechnology and other recent agricultural technologies further help boost the yield. One ton of biomass can give rise to 30 kilograms of biofuel using optimized conversion techniques.

Asian biofuel production rates are expected to reach new heights in 2011 with India and China leading the way. The scientific and technological developments undertaken in Asian labs are set to boost biofuel production, as with algal biofuels. Jet biofuel will be adopted by the global aviation industry, leading to a surge in jatropha and camellina production.

Advanced biofuel technology promotes the use of biodiesel-powered vehicles as it offers a clean green alternative. Biodiesel can be produced from cooking oil, jatropha, and some edible virgin vegetable oils through the esterification and transesterification biodiesel processes.

International companies like Nestlé are looking at Singapore and other Asian destinations for biodiesel production, as demand is greater there. The Bioenergy International Asia Expo and Conference, which took place in Malaysia, exposed the immense potential in the region, which was highlighted by presentations given by representatives from the Philippines, Indonesia, and Singapore.

In the Philippines, coconut-based biodiesel is encouraged as it is more productive than rapeseed and soyabean and it offers a better fuel economy. Malaysian companies also manufacture biodiesel production equipment for export to other Asian, African, and Middle Eastern countries.

Singapore companies sell biodiesel made from waste vegetable oil directly to their customers, including transport companies, hotels, and retail chains. Indonesia has 22 biodiesel producers, with some of them producing ethanol.

Studies reveal that by using modern technologies, the Asian region can increase biofuel production easily and reduce dependency on oil imports. Large areas available in the region for energy crop and food crop cultivation further add to the advantages. Also, the cultivation of dedicated energy crops can give rise to employment potential for the region's economy. Being a large consumer and producer of biofuels is sure to benefit the Asian region in the long run.

## Asia Tech Coming Clean with Green Solutions

BY LYNETTE WU

According to the International Monetary Fund (IMF), the dynamic population of Asia will continue to grow during the next five years at rates double that of the United States and Europe.

In parallel, however, is the equally dynamic growth of the Asia-Pacific region's economy, which is expected to grow four times faster than that of Europe during the same time period. To support this rapid growth, Asian economies will have a tremendous increase in demand for energy – and most of this will come from clean and green energy solutions.

In a similar report from the IMF, Southeast Asia will have a 76 percent increase in energy demand during the next 20 years. Clean and environmental technologies will play a major role in supporting this demand in line with government green initiatives and increasing environmental clamor from their citizens. Despite pessimism from climate-change skeptics, Asia is indeed coming clean with green solutions.

### Growing Interest in the Environment

China is already at the forefront of embracing clean tech, investing billions of dollars in renewable energy projects as part of its latest Five Year Plan. South Korea is also on a clean energy roll, increasing its renewable energy capacity by three times as much during 2009, and it is expected to do so again in the coming years. This is just the tip of the environmental iceberg as more and more Asian economies are embracing green concepts and most already have varying levels of development in the clean technology sector.

These developments are a clear indicator of growing and genuine Asian interest in the environment. Most industry experts agree, and according to Johanna Klein, an investment officer at the Asian Development Bank (ADB), this growing interest in clean tech in the Asian region is being spurred by three things: putting an end to environmental degradation, ensuring energy security for future generations, and generating new jobs with renewable energy and clean technology initiatives.

The only hurdle for further development of clean technologies in Asia is the lack of public funds to support these initiatives. Currently, Asia accounts for US\$100 billion of the total US\$500 billion global clean tech market, according to the ADB. However, only 17 specialist funds amounting

to US\$1 billion dollars are being invested in clean technologies in the Asia-Pacific region. The region needs much, much more.

### Investments in Asian Clean Tech

Between the years 2002 and 2005, there was very little investment poured into the Asian clean tech market. Investment activities only started to pick up in the following years, but further growth was cut short in 2009 with the global financial crisis. Now, things are starting to get much better for the Asian clean tech market as investments are finally beginning to pour in.

One such investor looking at the opportunities presented by the Asian clean tech market is Aloe Private Equity, headed by Vivek Tandon, whose private equity fund has already invested in successful Asian projects such as the environmentally-friendly production of multi-filament polyester-textured yarn at Polygenta in India. According to Tandon, his company is seeing a 22 to 26 percent return from their investments in Asian clean tech, which is bigger than the 8 to 9 percent ROI of its

Currently, Asia accounts for US\$100 billion of the total US\$500 billion global clean tech market, according to the ADB.

European counterparts.

Asian clean technologies are steadily surging ahead, either by adapting existing, more established technologies, or developing new and more innovative ones. One thing is for certain, and investors in Asian clean tech can attest to that – the future looks green for the Asian clean technology market.

### FURTHER READING:

- Eco Business [www.eco-business.com](http://www.eco-business.com)
- BBC News [www.bbc.co.uk](http://www.bbc.co.uk)
- The Energy Report [www.energyreport.com](http://www.energyreport.com)

### COMPANIES MENTIONED IN THIS ARTICLE:

- International Monetary Fund [www.imf.org](http://www.imf.org)
- Asian Development Bank [www.adb.org](http://www.adb.org)
- Aloe Private Equity [www.aloe-group.com](http://www.aloe-group.com)



## New Green Laws: Asia-Pacific Inc. Re-strategizing their Carbon Liabilities and Forecasting

BY PRIYANKA SHARMA

Over the past several months, tighter laws on greenhouse gas emissions have been a cause of worry for firms located across the Asia-Pacific region.

These tougher laws have increased the negative financial performance of companies spread across the area, and they continue to rock the ability of firms to seek greater funds and capital.

### Asia-Pacific Companies Face Higher Financial Risks and Costs with New Laws

In fact, studies and surveys in October 2010 showed that very few Asia-Pacific companies truly understood the risks involved in running a business on minimal carbon emissions.

The study, conducted by Standard & Poor's Repu Tex, which analyses carbon emissions, found that close to 41 percent of Asia-Pacific businesses were already reeling under the impact of tighter carbon regulation laws, as raising further funds was drastically affected.

Some of the companies with early-adoption strategies for new carbon laws, in fact, placed their green compliance as a tool for capital-raising but found that very few investors understood the advantages.

### Can Companies Gain by Investing in Green Technology?

The results of the survey provided several answers to this question: "Existing levels of awareness around factors such as carbon prices, expected climate change regulation, financial risks, and opportunities are relatively low, indicating that there is a substantial knowledge gap that may need to be addressed to achieve effective risk management." The survey was taken at a recent Carbon Expo conference.

In the survey, it was found that the most concern about the financial fund-

raising impact that new emission laws have on industry productions belonged to India and Japan, as well as Malaysia.

Industries which are experiencing the pressures of green investments, are spread across several sectors such as real estate, transportation, consumer products, metals, and mining. Another perceived threat was that climate changes would continue to influence the physical infrastructure of the firms. This means that utilities service providers are constantly under pressure to perform well and keep carbon emissions low.

The Repu Tex survey covered 300 companies, 28 companies' responses and overall data from 1,657 Asia-Pacific companies. The survey also found that the industries that produced maximum emissions in the Asia-Pacific region are utilities, showing 58 percent emissions. The energy sector showed 18 percent emission rates of carbon, while the materials sector was pegged to emit close to 13 percent.

A country-based emission list showed Japan had the highest emission rates of 31 percent, China at 29 percent, and South Korea at 11 percent.

The survey also found that "Carbon changes commitments as a possible source of competitive advantage, leading countries to analyze future carbon liabilities while building carbon-management strategies."

### Investors and Carbon Risk

Standard and Poor's survey also found that most companies were believed to be "taking advantage of low-hanging fruit such as energy-efficiency measures, which often result in cost savings."

The survey has shown that as the regulatory and physical environment of the Asia-Pacific region evolves, investors will have the key parameters to identify and locate firms that are at greatest risk and will be financial liabilities in their portfolio.

The study concludes that "future emissions trading schemes and direct-emissions forecasting to determine future carbon liabilities" will help investors to buy stock in carbon-efficient leaders who adopt clean technologies, innovate and use renewable energy resources.

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Dreamstime.com

## Green China: Increased Use of Biofuels to Reduce CO<sub>2</sub> Emissions

BY KEVIN LIU

**J**ust like other countries in the world today, China is faced with issues related to the environment and climate change as well as growing concerns on energy security more than ever before.

Energy production is dominated by the use of large quantities of coal and fossil fuels which are polluting, non-renewable, and facing imminent depletion. Oil prices continue to surge in the global market, thereby putting more pressure on the Chinese government to support the country's growing economy, the increasing number of private car ownerships, and the mounting impacts of environmental pollution.

To address these issues, China has embarked on a new Five Year Plan for 2011 to 2015 with a major thrust in finding renewable sources of energy to support the economy and its booming industries. The use of biofuels will play a significant part towards this end and a domestic biofuel industry will provide a viable option for the government in its efforts to reduce CO<sub>2</sub> emissions.

In the recent past, the development of biofuels, which include biodiesel and ethanol fuel, was largely supported by incentives from the government. However, the industry is now faced with conflicts between food security and energy production, prompting the Chinese government to stop the production of ethanol from grain crops. China has no option but to pursue development in second-generation biofuels which are produced from agricultural waste instead of edible oils, sugar, starch, and other foodstuffs. While the United States and Brazil lead ethanol production in terms of volume, China may be on its way as the leader of a second biofuel generation, and it has placed this on its political agenda.

This focus will be a major step in im-

proving the nation's energy efficiency and reducing the country's reliance on coal, petroleum, and other fossil fuels. Technologies in this area are available now and are providing unique opportunities for China for clean energy production. Biofuel production will also be a means of developing a new socialist countryside by providing new sources of income and other employment opportunities for people in rural areas. Biofuel production will help ensure continued economic growth by reducing dependence on expensive fossil fuels while at the same time lowering the nation's overall carbon footprint.

### Issues and Challenges for Biofuel Use in China

The Chinese government is keen on reducing the country's dependence on petroleum and other fossil fuels, and has relied on biofuel production as a viable alternative. However, China has seen how an increased demand for corn as feedstock for ethanol production resulted in crowding out land in the United States and Brazil – land that was primarily intended for food production.

What this simply means is that converting land from growing conventional food crops and switching to biofuel crops would affect the country's food production. This is not a viable scenario for China, with its very large population and only 10 percent of its land area being arable. Food security has always been a big issue for China, and it looms large in the country's future struggle to support its very large population and rapidly-growing economy. In the past, China has been known to implement drastic measures to mitigate concerns on population and food security – and the government would not risk going through that entire struggle once more.

This concern for food security prompted the government to put restrictions on the use of grain crops for ethanol production. However, there is still an urgent need to produce alternative fuels, prompting the government to push and support the development of alternatives and non-grain crops for feedstock. The country desires to have food security for its growing population, and finding alternatives for biofuel feedstock would be a welcome option that the government and emerging industry would embrace.

### Trends in Biofuel Use in China

In 2005, China emerged as the third largest producer of biofuels next to the United States and Brazil, with the government's top planning agency, the National Development and Reform Commission, setting production targets to meet 15 percent of the country's transportation energy needs by the year 2020. The country now has four facilities with a total capacity of 2.2 million metric tons, or approximately 47,000 barrels, per day.

These facilities can produce up to 1.02 million metric tons of ethanol from grain crops plus another 800,000 metric tons from corn. But faced with growing concerns on food security and price inflation, China moved away from using corn and grains as feedstock for ethanol production and has switched to non-grain crops for production. The use of second-generation biofuel technologies will further address this issue and help the country reach its goal of using non-fossil fuel energy sources to supply at least

11 percent of China's total consumption by the year 2015.

The use of second-generation biofuel technologies will not only have the potential of reducing CO<sub>2</sub> emissions by as much as 90 percent from what the country is producing right now, but it will also have a lesser impact on food production, supplies, and prices. Agricultural waste also creates a significant impact on the environment, particularly on current disposal methods and the resulting pollution. Using it as feedstock for ethanol production will help mitigate this environmental concern.

A good example is the agricultural province of Anhui where farmers previously burned surplus hay, with the resultant ash used as fertilizer to provide nutrients to the soil. The problem, however, is that burning straw would produce severe air pollution aside from causing interference with local flights. Unilever, however, made good use of this agricultural waste by converting it to fuel for manufacturing laundry detergent powder in its Hefei factory in Anhui. The factory has strict controls for protecting and maintaining air quality, and the resultant by-products are also used to produce bricks.

Last year, the China Petrochemical Corporation partnered with the China National Cereals, Oils, and Foodstuff Corporation and Novozymes, a company producing enzymes used for the production of bio-industrial products, to build a 10,000-ton-capacity biofuel production plant that will make use of the leaves and stalks of corn to produce fuel. This pilot plant will be upgraded to 20 times its current size starting the end of 2011 until 2013, where the plant will have a commercial capacity of up to 100,000 metric tons of biofuel production.

Aside from using agricultural wastes for biofuel feedstock, China has also started agricultural development in growing non-food crops in less agriculturally-productive lands. Such crops include sweet sorghum and jatropha curcas, which can be grown and extracted for oil that can be used as feedstock for biofuels. The seeds from the jatropha plant produce the highly poisonous toxalbumin curcin, but it also produces about 27 to 40 percent oil which can be processed into high-quality biodiesel. What makes jatropha ideal for planting in less-productive lands is that the plant is resistant to high degrees of aridity and can be grown even in deserts.

Sinopec, the country's largest state oil company, invested US\$5 billion in jatropha curcas production for plantations in China as well as in other locations like Indonesia. Last year, the Guizhou Province applied to the National Development and Reform Commission its plans of building a 50,000-ton biofuel industrialization demonstration project using oil from the jatropha curcas as feedstock. Working with the provincial government is the China Petroleum and Chemical Corporation, which invested US\$19 million for a 30 percent stake in the project. A 300-ton trial production line has already been established and plans of upgrading the plant to 1 million ton per year capacity is on its way.

### China's Green Future with Biofuels

According to the International Energy Agency, the consumption of biofuels on a

Continued on Page 23

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(In this photo) Mr. JS Ham, VP Samsung Electronics; Mr. K Balaji, MD, The Hindu; Mr. Gireesh Sanghi, Ex. MP and Chairman of AGA Publications; Mr. Lee Jae-sang, Director, Korea Tourism Organization; Mr. Balakrishnan, Past President of ICAI; Mr. Sivagnanam, Director, MSME Govt. of India; along with Director Indo Korea Connect Ms. Madhubala Nahar; IKBPFP President Dr. Lakhvinder Singh; and Chairman of Adbureau Mr. M Abirchand Nahar.

# INDO KOREA CONNECT

BY STAFF REPORTER

**Indo Korea Connect – The first ever platform for Korean and Indian Companies and professionals to come together for networking, fellowship and business in India was inaugurated in Chennai, India on June 24 at the luxurious Taj Coromandel Hotel, amongst a dazzling array of business stalwarts, government officials, politicians, professionals and trade and business forums.**



Being the first such forum of its kind, Indo Korea Connect is expected to facilitate the objectives of the Indo-Korea Comprehensive Economic Partnership Agreement (CEPA) in association with the government of India, and MSME, joined by the Worldwide Advisory Net.

## Key Objectives of Indo Korea Connect

1. To bring companies and professionals of both countries together and enhance each other's capabilities internationally, thereby accelerating the mutual growth process through the Connect initiatives.
2. To organize company specific meetings based on the individual companies' requirements.
3. To organize support functions like company formation, obtaining PAN numbers, providing audit and account functions, tax and investment planning, financial advice about India, etc.
4. To help in identifying locations for factory and office set ups in special economic zones and other areas, organize the required manpower, organize business centers, organize meetings with regulatory authorities, organize meetings with relevant Indian ministries, organize meetings with customers if required, and facilitate functioning of local business.

The business conference was organized to give a visible start to the initiative and this was achieved with flying colors as the registration counter was kept busy all throughout the conference.

To showcase the solidarity toward this initiative, top brass from reputed corporations such as Mr. J S Ham, Vice President, Samsung Electronics India Ltd; and Mr. K Balaji, Managing Director, The Hindu; Ms. Madhubala Nahar Director, Indo Korea Connect; Mr. Sivagnanam Director, MSME Govt. of India; Mr. Gireesh Kumar Sanghi, ex. MP and Chairman AGA publications (Varth Group); management representatives from Reliance Money, Reliance Composite Insurance, Ashok Leyland, Tata Teleservices, the IPL – Amalgamation group, Korea Tourism Organization, India Tourism, PWC, KPMG, Biztech Report Asia, Standard Chartered Bank, and over 270 business owners and professionals were present at the venue. Trade and professional forums such as the Indo-Korea Business and Policy Forum, The Institute of Marine Engineers India, TIE, Andhra Chamber of Commerce, Hindustan Chamber of Commerce, Young India Entrepreneurs and Govt. Departments such as MSME, Govt. of India, STPI Govt. of India and India Tourism partnered with this initiative.

While the key objective of the conference was to disseminate information about



**MADHUBALA NAHAR**

Director of the Indo Korea Connect & Worldwide Advisory Net, Ms. Madhubala Nahar is a two-time "Intellectual Women of the Year" award recipient for 2008 and 2009, a celebrated Chartered Accountant with over 15 years of experience, an Information Systems Auditor, a Council Member with the Institute of Chartered Accountants of India for over 12 years, a two-term committee member of the Reserve Bank of India (Apex Banking Regulator in India) State Co-ordination Committee, recipient of the Gov't. of India Recognition for Academic Excellency, having received 98 percent, the highest marks in pre-university, a sought-after speaker in the USA, UAE, Singapore, and Malaysia on the subjects of IFRS, Doing Business in India, International Taxation, and the list goes on. Indeed, this lady entrepreneur has quite a glittering profile.

The Asia-Pacific Business and Technology Report got close to Ms. Nahar to learn a little more about her journey so far, and also her future plans.

**Madam, hailing from a well-placed business family, a life of peace and luxury was always your surroundings. So then, what inspires you to put in all the hard work to do the things that you have done over the years?**

Life, as they say, needs a purpose. I remember that even when I pursued my masters after marriage with two kids in my lap, it surprised most people and raised the obvious 'why?' But I did clear my Chartered Accountancy, and the rest as they say is history. My inspiration has always been the vision to create a legacy for future generations to come. "With great power comes great responsibility" and it was only a matter of time before I fulfilled my purpose and delivered on my responsibility.

**You're a role model of sorts for many women and a pioneer in starting many initiatives. How difficult is it to take the lead?**

Any new venture comes with its own share of challenges and difficulties, but the trick is in not getting overwhelmed by it but rather in seeing the opportuni-

ties and learnings in them. Perseverance without doubt is one of the key traits; innovation and to large extent courage are also vital ingredients.

**How does being called the Intellectual Woman of the Year feel?**

I am humbled by the recognition but it also calls for a great deal of introspection. One needs to channel energies for the greater good and make sure that one is worthy of the honor.

**As an established entrepreneur and a reputed business consultant to many MNCs, what do you think makes doing business in India attractive to these foreign companies?**

The biggest and most obvious reason for any consumer-driven business from across the globe would be the sheer size and depth of our consumer market, coupled with the fact that India today can boast of a very young and financially-growing population, which makes the Indian economy very attractive.

**So what are the key services that MNCs look out for and**



the CEPA and its advantages, the industry knowledge and domain expertise shared by the partnering forums added to the event, bringing to life the true essence of the motto of the forum – “Join the Growth, Let’s Connect.”

Ms Madhubala Nahar thanked the President of IKB&PF Dr. Lakhvinder Singh for his contributions toward making this conference a grand success. The honored speakers at the conference not only enthralled the delegates with their research and insightfulness, but also ensured that their presentations educated and motivated the audience of businessmen toward international trade and commerce.

The other sessions covered during the conference included: Automobiles, Banking and Financial, International Media and its importance, CEPA, Shipping and opportunities in ship management, IFRS and International Taxation, and Insurance. There were also special guest lectures on Yoga, Nutrition and Healthy Living and an exclusive session on International Brand Architecture – Brand assessment and valuation from Asia’s perspective.

The Event was covered by over fourteen national dailies in India. “Join the Growth, Let’s Connect” has become a common phrase amongst industries and companies and with time will only grow larger. **A-P**



Korean Trade Minister Kim Jong-hoon and Indian Commerce Minister Anand Sharma shake hands after signing the Comprehensive Economic Partnership Agreement.

### The CEPA in brief:

The Comprehensive Economic Partnership Agreement is a free trade agreement between India and South Korea. The agreement was signed by Indian Commerce Minister Mr. Anand Sharma and South Korean Commerce Minister Mr. Kim Jong-hoon. The objectives of this agreement are to liberalize and facilitate trade in goods and services and expand investment between the parties, strengthening economic relations. Further objectives include to establish and promote fair competition, and improve efficiencies and competitiveness for everyone involved.

Ms. Madhubala Nahar, the Director of Indo Korea Connect, a Celebrated Chartered Accountant, Past Council Members of the Institute of Chartered Accountants of India, an erstwhile member of the State Co-ordination committee of the Reserve Bank of India, winner of the Central Government award for higher studies, and a two-time winner of the Women of the Year Award (2009 and 2010), was recognized as the key patriarch of the initiative and said, “I am humbled by this honor and responsibility” at the inaugural.

As for the future, Indo Korea Connect will continue to create bridges and ties between the two countries through its connect initiatives in different cities in India and S. Korea. Dr. Lakhvinder Singh assured his full support toward the initiative and would shortly be handling the external affairs based out of Korea.

Further information on the upcoming Business Networking and Knowledge Summits, Buyer-Seller Meets, and Indo Korean Cultural Festivals will be available on [www.indokoreaconnect.com](http://www.indokoreaconnect.com) and with the IKB&PF’s office.



### how can their entrances into India be made smoother?

Most companies that have entered the Indian shores so far are of commendable stature and have come with a certain level of market study before entering the country, and hence the services sought out have been administrative, legal, accounting, financial, and managing taxation. Services such as the formation of companies, getting manufacturing or business licenses, opening and managing bank accounts, managing accounts, fulfilling staffing and manpower requirements, and so on, have been in demand. But efforts are being put in place in terms of service offerings to an extent that would enable even a micro or small company or investor to do business with India with ease comparable to doing business in their own countries.

### What is Indo Korea Connect all about?

Indo Korea Connect is perhaps the first ever global platform where Korean and Indian companies and professionals can come together for networking, fellowship, and business in India. It would help in accelerating the growth process by enhancing the capabilities of companies from both countries internationally. The initiative has the blessings of various ministries of the government of India, including the MSME ministry, and it has already seen heartwarming support from corporate and industry interests in India.

In addition, Indo Korea Connect would provide the following services to Korean companies who plan to set up companies or offices in India and the same would be co-ordinated by the Indo-Korea Business and Policy Forum in Korea.

1. One-to-one meetings with Indian companies;
2. Doing government regulatory works, like formation of companies; availing the PAN (permanent account nos.), and DIN (director information nos.); opening bank accounts; arranging for LCs with banks for export and imports, and IE code nos;
3. Providing audit and accounts assistance, providing manpower for IT professionals;
4. Establishing business centers to start offices;
5. Supporting end-to-end solutions to set up businesses and networking, including marketing solutions in India.

### Could you shed some light on CEPA and what it could do for the relationship between India and Korea?

The relationship between India and Korea has always been warm, and now with the advent of CEPA (the Comprehensive Economic Partnership Agreement) the business ties and trade opportunities have the potential of being taken to success heights never before seen. One of the key objectives of our services from India would be to facilitate the flow of activities between India and Korea, knowledge dissemination and exemption, and also managing the local legalities in India. The same would ably be supported by the Indo-Korea Business and Policy Forum from Korea.

### As a woman of many achievements, what is your greatest feat thus far?

As the famous painter once said, “My greatest painting is yet to be painted.” My greatest achievement is yet to come.

### How do you manage work life and balance your busy work schedule?

My work is my passion but family and friends are my first priority on any day, and hence we as a family try to take time out whenever opportunity presents itself. I try and ensure that at least one meal a day is together with everyone in the family, and with technology we today are at least aware of each ones whereabouts.

### What is your vision for the future?

Thanks to advancements in technology we can stay connected with anyone in any part of the world. I dream of a global village where there are no language or place barriers, where everyone comes under the same umbrella and business flows with the harmony of a mountain stream.

### After the grand success of Indo Korea Connect 2011, the motto of the conference “Join the growth, let’s Connect” has become a common phrase on the lips of many. How do you feel after starting something that has had this far-reaching effect?

Well, the fact that the motto was readily accepted and also embraced by all made the conference a bigger hit than what was expected. The motto was coined to emphasize the need of the hour that growth demands unity - unity of both countries, unity of companies and businessmen, and unity in mutual growth. And we sincerely hope that it fulfills its purpose of inspiring many more toward taking advantage of the opportunity that lies ahead of us.

### Tourism is touted as one of the biggest opportunities between the two countries. What is your take on this?

Tourism without a doubt is a huge opportunity and more so, also a perfect way for people to build stronger ties with each other. IKC 2011 had a session dedicated to tourism, where the Korea Tourism Director, Mr. Lee Jae-sang, shared the session with the India Tourism Regional Director. We would conduct more of such sessions and direct meetings to showcase the importance of tourism and would do our bit in its proliferation. **A-P**

Reporting from India, International correspondent - Biztech Report Asia, Avinash Nahar



## China Fights for the Riches of the South China Sea

BY DONALD KIRK

The sparks are flying in what has been a diplomatic and propaganda war for a little-known island chain claimed in whole or in part by half a dozen powers, notably China but also Taiwan, Vietnam, the Philippines, Malaysia, and Brunei.



Stunnedmullet | Dreamstime.com

Mysterious sightings of Chinese warplanes over distant islets, atolls, and reefs in the South China Sea have fueled reports of China's expansionist aims in these troubled waters. They have assumed importance with the realization that a fortune in oil and gas lingers beneath the shallow sea. The contest most recently has involved a strange realignment of interests in which big brother China, Hanoi's main ally in the war that culminated in the victory of North Vietnam's forces in 1975, is now Vietnam's foe.

Hostilities so far have consisted of sporadic "incidents." Vietnam accused a Chinese fishing boat of deliberately getting entangled in the cables of a Vietnamese vessel looking for oil and gas on behalf of Petro Vietnam, Vietnam's state energy company. The Chinese accused the Vietnamese of dragging the Chinese vessel for 30 minutes before two more Chinese boats came to the rescue. Earlier, the cables of another such Vietnamese vessel were slashed. Finally, China sent a 3,000-ton maritime patrol boat, the Haixun 31, complete with helipad, to reinforce "rights and sovereignty" over 1.7-million square miles of the South China Sea, including the Spratlys and the Paracels, another island grouping to the north. The Haixun 31 would "carry out patrolling of the marine areas being developed in the South China Sea," said Takung Pao, a newspaper in Hong Kong that has long been a mouthpiece for Beijing. Vietnam responded with live-fire exercises off its coast, and demonstrators protested outside the Chinese embassy in Hanoi and the Chinese consulate-general in Ho Chi Minh City. "Stop the invasion," said one of the signs in Vietnamese.

The government-sanctioned outpouring of widespread Vietnamese sentiment was background music to formal statements and protests. Prime Minister Nguyen Tan Dung led the chorus, declaring the country's sovereignty was "incontestable" and proclaimed his determination to defend it. At the heart of the Vietnamese stand was a geographical fact that the Chinese prefer to ignore. The Vietnamese were looking for oil and gas inside their 200-mile, 370-kilometer "exclusion zone," within which they claimed the right to do as they pleased in accordance with the 1982 United Nations Convention on the Law of the Sea.

Actually, relations between China and Vietnam began deteriorating even before the momentous victory of communist forces

from North Vietnam in their war against the American-backed South Vietnamese regime in 1975. China seized the Paracels from South Vietnam in 1974 but refused to turn them over to its former Vietnamese ally. Then, China backed the Khmer Rouge through nearly four years of bloody rule over Cambodia before the Vietnamese drove out the Khmer Rouge regime in 1978. Next, China attacked Vietnam's northern frontier at the end of 1978. The Vietnamese fended off that invasion with the same ferocity with which they have battled the Chinese periodically over the centuries. More quietly, they occupied half a dozen atolls in the Spratlys, sending in tanks as artillery pieces while dispatching marines and patrol boats.

Over the years, China has seized atolls in the Spratlys and built facilities serviced by Chinese navy vessels, thinly disguised as trawlers. The Chinese, who first occupied nine of the islands in the 1950s, control an anchorage known as Mischief Reef, whose subsurface atolls shelter a horseshoe-shaped lagoon that forms an anchorage four kilometers long and two kilometers wide. Now it is feared the Chinese want to form a small airstrip on the reef, several feet above water at low tide but only inches above the waves at high tide. Yes, it would be an engineering "miracle," but it could happen. Complicating matters still further, the anti-communist "nationalist" Republic of China on Taiwan has held the biggest of the Spratlys since the surrender of the Japanese at the end of World War II. "Nationalist" Chinese troops have never relinquished the island despite their defeat on the Chinese mainland in 1949.

The Philippines controls the second biggest island in the Spratlys, 200 miles west of the long Philippine island province of Palawan off the west coast of Mindanao. The island, named Pagasa, has no permanent residents but boasts a lighthouse, municipal hall and multi-purpose building, a post office and clinic, all for 75 to 100 construction workers who get there by planes that land on a 2,000-foot airstrip. There are no real permanent residents, but life is not totally austere. There's fishing and swimming, and the recreation hall features karaoke and billiards. There's also an elected "mayor" who claims Pagasa as home though he lives most of the time in Puerto Princesa, Palawan's capital.

China initially denied a report that two of its MiG fighters buzzed the area, but

there was no question something was going on after Chinese patrol boats were seen on China's national television network blasting away at one of the atolls while a pair of MiG fighters zoomed above. It was all a military exercise, according to the official report, featuring fourteen boats "defending atolls and protecting sea lanes" as they pretended to be attacking submarines while leaping into the surf and running onto beaches.

The confrontation over the island grouping of strategic and economic significance goes back decades. Named for the 19th-century English sea captain who sighted them, the Spratly Islands persist as an issue while China increases its strength in the face of protests from the Philippines and Vietnam. The problem for the Philippines is that their forces have their hands full combating simmering revolts by communist and Muslim grouping elsewhere, and do not have a clear sense of what's happening on the Spratlys. Thus it was that the Philippines president, Benigno "Nonoy" Aquino, spoke in the vaguest of terms when asked what he believed the Chinese were doing. Regarding the MiG sightings, he did not think it was "established conclusively that they were from China" and "it's difficult to accuse them when it's not very clear whose they are."

The dispute over the islands confronts Washington with a delicate diplomatic and military puzzle. The US and the Philippines are locked in a mutual defense treaty that has survived for 60 years despite the Philippines' refusal to extend the agreement for enormous US air and naval bases in the 1990s. Several hundred US military advisers are now "embedded," as a US official put it, advising ill-equipped troops on combating revolt in Muslim-dominated southern Mindanao and the Sulu archipelago. US military reservists regularly come here for joint exercises with Philippine forces. Washington shies away, however, from any plan for working with the Philippines on the defense of Philippine claims in the Spratlys other than to reaffirm the US commitment to the mutual defense treaty.

Indicative of US reluctance to get involved, the American ambassador to the Philippines, Harry K. Thomas Jr., hosting President Aquino at a reception aboard the US aircraft carrier Carl Vinson, said, "We are dedicated to being your partner whenever you are in harm's way" — all part of "a commitment born of our shared histories and close ties." Beyond such generalities, US officials won't get into specifics or details about a commitment to the Philippines in the Spratlys.

Washington, in fact, would like to remain above the fray, calling for a multilateral understanding. That's anathema to Beijing, which insists on bilateral talks with each of the claimants — a ruse to keep them from forming a de facto alliance against Chinese ambitions. The US, however, is not backing off entirely. US navy ships occasionally ply the waters, just to show they're international, not Chinese, and the aircraft carrier George Washington made a courtesy call off the central Vietnamese port of Danang in August 2010, the headquarters for US marines during the Vietnam War. The United States and Vietnam, after talks in Washington in June, shared common cause, issuing

**Continued on Page 30**

## Philippines Seeking Answers to Unprecedented Chinese Activities on Spratly Islands



Aspenrock | Dreamstime.com

BY VINTI VAID

The Philippines and its neighbours continue to be hassled by Chinese intrusions into their territorial waters around the Spratly Islands.

After an incident in March of this year when a Philippine survey ship was disturbed by Chinese patrol vessels along the Reed Bank, despite the vessel being well within its territorial waters, the Manila government filed a complaint seeking clarification from the Chinese government.

In the last week of May, the South China waters seem to be beckoning Chinese interference once again, this time along the Amy Douglas Bank. Unidentified wooden posts were removed by Philippine patrol boats as the government intensified its watch over these waters. These incidents are on the increase.

Boxall Reef was also strewn with unidentified wooden posts recently, which were promptly removed by patrol forces. Philippine fishermen are reporting greater movement of foreign boats around the area and palpable tension is building there. The Philippine government has again sought clarification from the Chinese government.

**Continued from Page 16**

global scale will increase from its current level of 55 million tons to over 750 million tons by the year 2050, and will significantly replace the same volume of crude oil. In terms of transportation fuel, the market will use biofuels more and more, rising from its current 2 percent level to 26 percent by the year 2050. Second-generation biofuels will account for about 90 percent of total biofuel production by that time.

Biofuels and energy will not be the only products that will be produced using second-generation biofuel technologies. In the field of biochemicals, agricultural waste can also be harnessed to produce plastics and other chemicals such as plant-based glycol which can be used for other industrial applications. One example is an upcoming

project by Novozymes in Jilin Province that will produce not only biofuels but biochemicals as well.

As this industry continues to mature and better technologies are developed, China and several other economies that will adapt these technologies can stand to benefit in terms of energy production and climate change mitigation. China is expected to consume 12.7 billion liters of biofuels by the year 2020, with automotive ethanol accounting for 100 percent of transportation energy requirements, according to China's National Development and Reform Commission. The industry also has the potential of generating up to US\$230 billion globally by the year 2020, which will provide better economic stability for China and other countries entering the market. **A-P**

### History of the Dispute

The Spratly Islands ownership has been disputed by the Philippines, Vietnamese, Chinese, and other neighbouring nations for some time. The first instance was in 1995, when Chinese construction on Mischief Reef, one of the Spratly Islands, sparked trouble. While efforts were made to resolve the dispute, in 1999, more structures were found on the reef again. The Philippines consider these to be military installations, while China says they are merely fishing structures. All aggrieved countries with the exception of China have agreed to follow guidelines of the non-binding code signed in 2002 to settle disputes amicably.

### The Foreign Ministry Seeks Answers

"This latest incident calls for clear guidelines" says Foreign Affairs spokesperson Ed Malaya. "What we would like to see is concrete progress towards a more binding agreement on the conduct of parties in this part of our region," said the Minister.

However, no clarifications have been forthcoming from the Chinese Government on these incidents.

### Tensions Rise with Vietnam Mounting Artillery Drill to Counter Chinese Illegal Activities

Another Chinese neighbour, Vietnam, is also preparing to counter China's claims over banks and reefs of the Spratly Islands around the South China Sea.

The Vietnamese have called these "exercises of routine training," while a Chinese spokesperson strongly criticized them, saying it was "a military show of force to defy Beijing."

### Expert Opinion

Political scientists from the University of New South Wales, in Australia, say the rich oil and gas reserves in the Spratly archipelago are leading to a power struggle between the stronger neighbours and the smaller, distributed nations.

Experts like Carl Thayer believe that China is being "heavy-handed to stop oil exploration activities in its waters by claiming overlap, and it's a question now of how far is China going to push it because China has not responded to any of these issues in a conciliatory fashion."

### Philippines Hardens its Stand

While Manila continues to seek non-military answers to the dispute, it has decided to become more pro-active and has called for a renaming of the areas in its ownership as the West Philippine Sea. With the ASEAN Regional Forum to begin in July and the East Asia Summit in November, the Philippines is ready to mount its proposed changes within the scope of international forums. **A-P**

### FURTHER READING:

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## UN Peacekeepers to Keep their Date and Withdraw after East Timor Presidential Elections in 2012

BY VINTI VAID

The United Nations will finally wind up its peacekeeping services in East Timor in 2012, and all preparations to keep within this deadline are in full swing.

It was almost six years ago that the East Timor government enlisted the United Nations peacekeeping efforts in 2006, following unprecedented civil riots and factional fighting that was taking one of the youngest nations in the world to the brink of internal strife and civil war.

The United Nations is involved, and United Nations security forces have been protecting the nation because of long-standing political and historical events. To understand the significance of the UN security forces finally handing over the baton to East Timor, one needs to know how the current scenario came about and how the coming date with East Timor presidential elections in 2012 is so vital to this emerging nation.

### The Tumultuous History of East Timor

The Democratic Republic of Timor-Leste, located in Southeast Asia, is a nation with a tumultuous political history. It consists of the eastern part of the island of Timor and the islands of Atauro and Jaco. Declaring itself free from Portuguese colonial powers in 1975, East Timor soon found itself invaded by Indonesia and until 1999 remained a province of Indonesia for 24 years. A UN-sponsored referendum led to a resounding vote for the young nation's independence in 1999.

However, anti-independence Timorese militia have since slain more than 1,400 Timorese and forced 300,000 individuals into refugee status in West Timor. The International Force for East Timor (INTERFET) ended the violence, and under UN administration, it has been an independent state since 2002.

### East Timor after Independence

The UNTAET, or the United Nations Transitional Administration in East Timor (UNTAET), was formed in 1999, and its own military command was transferred to it in 2000. Later in 2001, elections for a constituent assembly to draw up a new constitution were held, and in May 2002, Xanana Gusmao was elected President and Mari Alkatiri as Prime Minister. However, peace and calm have continued to elude the young nation.

### Peace eludes East Timor even after Independence



Carsten Reisinger | Dreamstime.com

Despite being recognised by the international community and being made a member of the UN in September 2002, unrest has been the norm there ever since. Student protests continued, with rioters in December of 2002 carrying an injured student to the National Parliament Building. This act was attributed to foreign influence as the violence continued.

### Strained Relations with Australia

Relations with Australia became strained as maritime boundaries between the two countries were disputed. The island of Timor Gap, with its rich reserves of petrol products and natural gas fields, is the island most under contention, as both countries try to establish their ownership over these resource fields.

Even as the new Timor government was handling foreign repatriation, the student unrest continued unabated until clashes between government forces and civilians reached a crescendo in 2006. This was East Timor's first crisis after independence.

### Another Major Crisis in May 2006

The legacies of political management of crisis and poor structuring of the East Timor military could not sustain the development of the island nation.

The clash between the government and the civilians, which started as government action against military recruits who had abandoned their barracks, snowballed into a complete crisis. The segregation of the police and military forces such as those with Indonesian training and local Falintil troops redefined the fate of the nation in 2006. Some believe this infighting could also be the outcome of unfair distribution of oil funds as well as the disorganization of the Timorese army and its police forces.

The Prime Minister chose to handle the crisis with an iron hand and accused the detractors of initiating a coup. He then sought assistance from across the world to help him handle the uprising, resulting in military help from Portugal, Malaysia, New Zealand, and Australia. The crisis ended with 23 deaths.

The nation later called for the Prime Minister's resignation, and he resigned in June of 2006. In the following year's presidential

elections, Jose Ramos-Horta was elected President while Gusmao was elected Prime Minister in April 2007.

### Role of United Nations Missions

The continuous unrest had led to a substantial presence of the United Nations security forces at various stages when East Timor sought its independence from Indonesia. During the transition of power from the Indonesian format to East Timor sovereignty, the United Nations mission in East Timor had been present from the start of the crisis in June, to October of 1999.

It is important to mention here that the United Nations can send its security forces as missions which need to be constituted from member nation military and police personnel.

Following UNAMET was the United Nations Transitional Administration in East Timor from October 1999 to May 2002 for the new constituent government to come into power. This was followed by the United Nations Mission of Support to East Timor (UNMISSET) from May 2002-2005 to help the democratically elected political leaders to maintain peace and order in the country.

From May 2005 to August 2006, the United Nations Office in Timor-Leste, or UNOTIL, was formed, and the overall structure of military and police administration in the country was put in place.

Then, in August 2006, the present mission, called the United Nations Integrated Mission in Timor-Leste, or UNMIT, has continued to play a role in East Timor's development.

However, the Political Director of the United Nations Mission in East Timor, Gary Gray, has announced that by 2012, the peacekeeping forces shall vacate the island, following the 2012 presidential elections.

### The Winding Up of the UNMIT

"Things have stabilized basically since the 2006 problems and we're pretty confident that's going to continue through the elections beginning early next year," Gray said.

Leading up to the withdrawal of the peacekeeping troops in March 2011, operational control was handed over to the local police and only a thousand or so UN police force now remain.

The reasons for East Timor's growing stability are primarily due to the presence of huge offshore oil and natural gas reserves. The nation's current double digit growth is also due to these cash-rich natural resources. Educational focus and a decrease in poverty are also viewed as contributing factors to the growth of the nation.

Better relations with Indonesia and the resolving of pre-independence struggle atrocities through grievances with the joint Truth and Friendship commission have helped a long way in establishing peace in the region.

Though there is still friction amongst the powers that be with regard to compensating victims of previous conflicts, these are logistics which will hopefully be resolved with the passage of time. Gary Gray predicts that the high rates of unemployment and other legacies of the long-standing underlying tensions would not take long to resurface, and that they need to be handled with care and prudence. <sup>A-P</sup>

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# Laurence Brahm: Know Your Sun Tzu

BY VICTOR FIC

Laurence Brahm ([www.laurencebrahm.com](http://www.laurencebrahm.com)) is a member of the United Nations Theme Group on Poverty and Inequality, a global activist, international mediator, lawyer, economist and author. He leads the way in advocating a fresh development paradigm – The Himalayan Consensus – an innovative approach to development (see [www.laurencebrahm.com](http://www.laurencebrahm.com)). With thirty years of experience in Asia, including China, Laurence advises global corporations and regional governments. He divides his time between Beijing, Lhasa, and Dakar. He is also the author of *Doing Business in China The Sun Tzu Way*. Laurence gave this interview to Victor Fic ([vfic@hotmail.com](mailto:vfic@hotmail.com)), our special correspondent for business and politics.

## Understanding Chinese Negotiation

### Laurence, why is *Art of War* a classic that is widely read in politics, strategy, and the business world?

It is a philosophy and very pragmatic guide to life, whether for business or politics. The book is foremost about war but on a deeper level about strategy which is broadly applicable to life.

### Did you translate it yourself?

No, I am not a scholar. Instead, I used a Chinese text commonly available in bookstores in China. The best version is by Thomas Cleary. As a warning, James Clavel's version is lousy. I checked the various translations against the Chinese.

### What qualifies you to offer advice about it?

I am a professional negotiator and mediator in China and Asia – a three decade veteran of major multinational take-overs and mergers and other negotiations, from dealing with mafia bosses extorting money from foreign investors to complex, second track mediation between governments. I pragmatically see how its philosophy and ideas apply to life. For academic analysis of Sun Tzu and the Warring States Period, consult scholars.

### You squared off against mafia bosses – and lived?

Thuggery is common in China. During the early 1990s, cutting deals for foreign multinationals was win-win – plenty of champagne and excitement. By the late 1990s, I was restructuring these faltering deals as foreign investors bought out their Chinese partners or pulled out. By then, I mostly investigated product and document falsification and running funds into multiple bank accounts. One dead board chairman could not be found – I've said enough!

### That must have disappointed you.

I did not want to change from deal maker to criminal investigator. Then the Shanxi mafia staked out my own private property in 2003, but the police only provided hotel rooms and body guards while I was locked inside with the boss for a day negotiating extortion money for peace. My manager was nearly beaten to death. Finally, we counted out the cash – at the police office. This is normal even for many foreign investors. So when highly-paid analysts in designer shirts, ties, and cuffs give nice PowerPoint



presentations about China – I just laugh.

### You insist that the Chinese strike first and hard, back away, hold the position and never compromise. Provide specific examples.

I wrote many books partly to vent these stories – read them, please! The bad outweigh the good. Mao taught, "When the en-

emy is near, I am far; when the enemy runs I pursue; when the enemy is tired, I harass; when the enemy rests, I strike." For the strategic and economic dialogue between China and the US, or for a maid who wants a raise, this is the tactic. When she stops cleaning and breaks your stuff, she signals you. Foreign investors figure out the obvious, repetitive game. Sun Tzu would admonish them



for losing the element of surprise.

### Is the Chinese idea that relationships with outsiders are basically zero sum?

All relationships in China entail mutual exploitation. Under Mao, when people lacked money and commodities, they traded favors or power. They still do. And China today is about money as the zero sum game. Chinese "friendship" means "we do business on my terms only" or you are not a good friend.

### Sun Tzu said that all warfare is based on deception. How does this relate to negotiation?

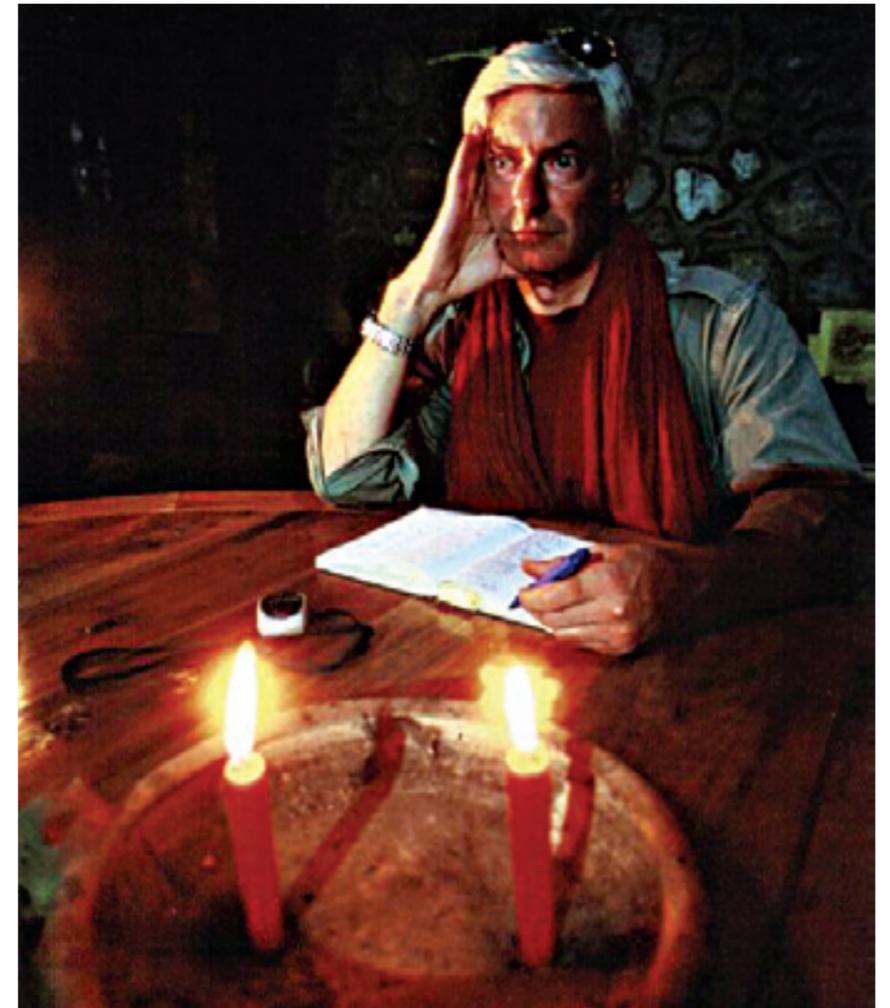
All negotiation in China and a lot of it elsewhere is based on deception, so how keen is your perception? What do you actually need? At what price? Intelligence is crucial for diplomatic and commercial negotiations. When you perceive that the other party's bottom line is not its public stance, the game changes and you can low ball the price or commodity exchange. It is all about smoke screens and mirrors to get the best outcome for yourself.

### Experts also warn that the Chinese quickly see or sow division and play off factions or pitch one group against another... is this a tactic?

Anybody who claims to be a China expert is kidding himself. Even the Chinese cannot entirely understand their complex, changing nation. Yes, Chinese played off factions through their 2,000 year history. The Warring States and Three Kingdoms periods are classic metaphors for daily politics in any Chinese enterprise or level of government. So find their crack point and open up those channels. Or they will do that to you!

### But many Westerners find the Chinese will unify against the outsider and conceal or heal their splits – like a wall...

They build walls and think people cannot intrude. But their weakness is money. The Qings bribed a Ming general to pass



through. As a lawyer, I advise you to never take or give a bribe. But as a writer, I will reveal the truth.

### Sun Tzu said that force is second best to peaceful victory – meaning?

Yes, using psychology to wear down your opponent and winning without him realizing your actions is ideal. But in China today, brute force is more common. People do combat in factories for a raise and in the street over a traffic slight. Sun Tzu taught patience and hiding your emotions!

### How does it compare to American history?

The State Department should read my book, stop invading others, and use psychology to attain America's true interests. But American culture overly emphasizes scoring points to understand a subtle approach. I am doing a speaking tour in Washington this November to think tanks and universities. Lets see if they agree or stay focused on whether or not China will appreciate the Renminbi's value.

### Do Chinese judge Westerners and especially Americans as weak and gullible in talks?

They feel superior. Partly it is cultural. China was the middle kingdom. It invented chopsticks! So leveraging this is natural.

### Do the Chinese respect the West as a partner?

The Chinese paradoxically disdain and respect western culture. But following the

2008 crash, with the US economy in decay and Europe in debt, many Chinese are confident that their system is superior. It's like the Emperor Qianlong of the Qing dynasty again. When the English sought trade ties and showed the emperor their manufactured wares, the Chinese ruler replied that we have everything and need nothing from you! Let us see how sustainable it is.

### How well is the Chinese way understood in the West?

The West does not understand China and vice versa – equally – regarding values, goals, and means. They look through stereotyped and blinkered frames. But far more younger Chinese are studying in the West and the other way around, so barriers will continue to fall.

### What are the biggest errors that Western firms or governments commit in negotiations with China?

Being so naive. Timothy Geithner should read my book. China's strategy is "ge an guan huo," or "observing the fire from the other banks" by smirking at the post-2008 Wall Street crisis as signaling the death of the Washington Consensus. China feels maybe correctly that it has time that the Treasury lacks.

### Where is the Chinese approach weak?

They are not naive. Their one goal is – money. They have the most. Maybe they read the book. A-P



## Prasanna Patsani: Leader with Poetic Touch

BY PARTHASARTHI JENA

**B**orn into Ghiakhala in the famous Khandlkot area of Khorda, Odisha, Parliamentary Poet Prasanna Patsani has come a long way.

Khandlkot, birthplace of the famous Annapurna theater which made a strong statement in Odisha's famous age-old drama tradition made an early impact on Dr. Patsani.

Born into Kaviraj and the village Sarpanch, Aniruddha Patsani, who witnessed seven of his children die, was apprehensive of the life of Dr. Patsani and sold him to a washerwoman "Heera" who influenced Dr. Patsani's early life. While his parents wanted

Dr. Patsani to be a doctor, Patsani developed a feeling towards writing, acting, and dancing to which his parents did not approve. But soon Dr. Patsani became rebellious against the system, the system which oppressed the majority of its own people. Educated at Balugaon High School and Godavarisha Maha Vidyalaya, Dr. Patsani was president of the college union for three consecutive terms and started fighting against corrupt practices, propagating social reform. In the college he was editing one magazine called "Bela."

"Commitment is the key to success. Something committed if abided with sincerity, and dedication bears results. A busy

person always finds time whereas a lazy person struggles," explain Dr. Prasanna Patsani.

Always in a hurry, Dr. Patsani has visited more than 110 countries. He moves with crimson robes and wields a "Blessed Wand." Dr. Patsani has published 60 books ranging from poetry to philosophy in Odia, Hindi, and English and has written around more than 100 articles. He has been a visiting professor to many universities in India and abroad and has delivered talks in numerous universities and colleges worldwide on different subjects ranging from art and culture to philosophy, history, language and spiritualism.

Dr. Patsani asserts that he has been influenced greatly by the beautiful lake Chilka, where more than four hundred different

kinds of birds come every winter. His early life until college was carefree and simple, and Dr. Patsani enjoyed it to the hilt. But soon life changed its course.

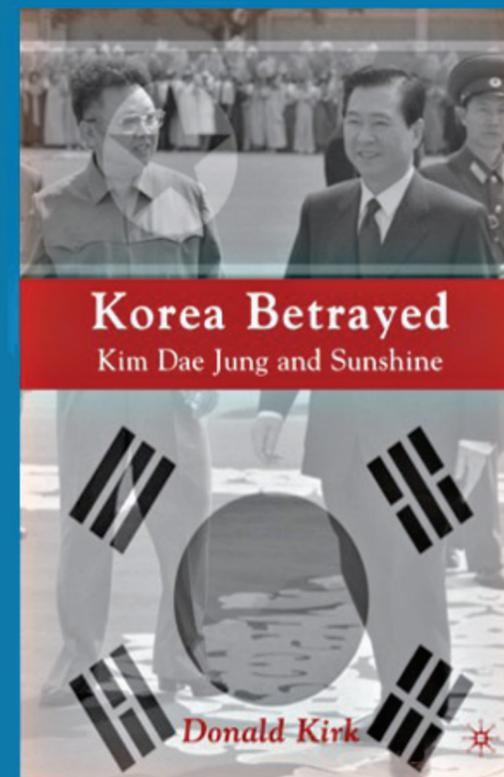
During that time, eminent poets who propagated revolutionary messages like Jwalamukhi, Nikhileswar, and Sheshananda Raju touched millions of hearts. Dr. Patsani's poetry had nothing to do with Naxalism, he was writing out of poetic justice for the millions suffering in India. But the Government of Odisha misunderstood, and slapped him with 12 years of imprisonment, and thus his journey as a wanderer started. Beginning this difficult period in his life in the Odisha West Bengal border, he reached Delhi with the help of a poet from West Bengal and marched to Hardwar and Rishukesh on foot. There he met Maharashi Mahesh Yogi who taught him Patanjali Yoga and for a brief period he stayed in Kathmandu and then went to Switzerland.

After the warrant was lifted in 1975, he came back to India and in 1978 joined politics. Since 1980 he has been winning election after election, serving people first as an MLA and then a minister in the Odisha cabinet, and now as a parliamentarian from the prestigious Bhubaneswar constituency.

Dr. Patsani has traveled widely throughout the world and within India has traveled around 2,70,000 km by road. Easily accessible to everybody, Dr. Patsani is the author of sixty books and has developed a new style in Odia poetry. He has been so influential that around ten scholars have done Ph.D.s on his work from different universities in and outside of India.

With life's myriad hues, Dr. Patsani's romance with poetry is on and going stronger as time passes.

He likes to gorge himself on home cooked food and spend time with his family. Dr. Patsani symbolizes an era where time stands still. He explains the most difficult political situation with an easy little smile and laugh. This is perhaps his biggest message to the new age politicians who tread this difficult path of governing the biggest the most difficult functioning democracy of the world. 



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## Korea Betrayed Kim Dae Jung and Sunshine

### Praise:

"The late Kim Dae Jung--the remarkable political dissident who rose to be President of South Korea and to win the Nobel Prize for Peace--is revered internationally, but his reputation in his native South Korea is much more controversial and contested. In this critical biography, Donald Kirk--a journalistic eminence who has been covering Korea for more than 30 years--helps us understand why this could be so. In his fascinating book, Kirk not only traces Kim Dae Jung's great political rise, but also details the moral and financial corruption that came to engulf, and permanently tarnish, the 'DJ' Presidency. *Korea Betrayed* will be a welcome addition to the bookshelf of every student of modern Korea. Kirk's account of the failure of DJ's 'Sunshine Policy' toward North Korea, furthermore, should be 'must reading' for all American policymakers before they prepare to deal with Pyongyang."--Nicholas Eberstadt, Henry Wendt Chair in Political Economy, The American Enterprise Institute.

### About the book:

For the first time, using original sources and his own reporting going back to 1972 when he met Kim Dae Jung at his home in Seoul, Donald Kirk explores the great untold story of modern Korean history. This book recounts the rise of Kim Dae Jung from an oppressed region of Korea, beginning with his schooldays, his activities in the Korean War and his entry into politics. The book addresses his populist politics, his ascent to the national stage and his encounters first with the dictators who tried to take his life and then had him tried and sentenced to death for the Kwangju revolt. The book outlines DJ's life in exile in the United States, his great return to Korea and his entry into presidential politics climaxed by his election in 1997 at the height of economic crisis. Focusing on DJ's Sunshine policy, his summit with North Korea's Kim Jong Il and his drive for the Nobel, the book tells the story of payments that brought about the summit and the prize along with the corruption that ensnared his sons and top aides.

### About the Author:

Donald Kirk, journalist and author, has covered Korea for American newspapers and magazines beginning with assignments there as Far East correspondent for the *Chicago Tribune* in the early 1970s. Since then he's reported from Korea for *The Observer* of London and *USA Today* and served as Seoul correspondent for the *International Herald Tribune*, the *Christian Science Monitor*, CBS Radio and the *Asia Times*. He is the author of two books on Korean economic issues, *Korean Dynasty: Hyundai and Chung Ju Yung and Korean Crisis: Unraveling of the Miracle in the IMF Era* as well as books on his years as a war correspondent in Vietnam and a Fulbright research scholar in the Philippines. He currently travels to Korea and elsewhere from his home base in Washington, D.C.

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## Chinese-Made Luxury Yachts are the Newest Status Symbol

BY YASHIKA DHINGRA

**C**hina's industrial confidence is brimming over nowadays, and the best illustration of this is the setting up of luxury yacht-building companies such as Xiamen Hangsheng, Kingship Marine Ltd, and several others in Hong Kong.

These Chinese yacht makers are today eyeing the global luxury boat and yacht segment. The luxury market for yachts in China itself is booming, due to the increase in the number of Chinese billionaires.

Chinese yachts not only ooze style but also are high value, status tag products. As almost all of the yacht builders use the best international designers, so the whoomp factor is optimized. While luxury and pol-

lution taxes spiral upwards for high-ticket items like jets and yachts, the Chinese-made yachts give a better ROI for the nouveau riche Chinese.

Considering that this is an emerging industry in China, its phenomenal growth in less than a year, with a turnover of close to a billion dollars, is worthy of a second look. The region now has more than six yacht builders competing such as Azimut Yachts, Ferretti Yachts, Princess Yachts International, and Brunswick Corp. These luxury yacht builders are reputed to build the most complex machines with an emphasis on precision engineering as well as great aesthetic design concepts. Most are ready to invest heavily in quality designers and pay higher wages.

Sunbird, one such builder, uses international designers such as Brian Holland, and is currently building a 70-foot yacht for an Italian market to be displayed at Genoa, Italy. Hangsheng, another Chinese yacht builder, has its boats designed by Bill Dixon, a reputed designer from the UK. Qingdao Nauticstar Marine Co. Ltd paid over 13.8

million euros to pick the best designer in the industry, Cantieri Navali di Lavagna.

On average, Chinese yacht building staff, who lack the skills of their proficient Italian counterparts, are paid close to 2,000 yuan each month, while skilled, certified electricians and carpenters are paid almost three times more at 6,000 yuan per month. This is twice the average in Chinese wages, but builders are nevertheless able to maintain foreign competitiveness.

### For the Chinese, these Yachts are more like Status Symbols

Significantly, Chinese are restricted from yachting, as they require travel permits to enter provincial waters. Therefore, there is greater emphasis on the specialized nature of use and customization to meet local demand. Spending quality time or entertaining on yachts with mah-jong salons, karaoke lounges, and bowling alleys, the billionaire host's status shoots higher with every novel feature on his high-end yacht.

These large Chinese sloops are thus primarily used for entertainment and short weekend trips, and with their state-of-the-art technology, these sea-going gadget museums represent the changing tastes of the rich and the famous. Chinese-made yachts are no longer just luxury items but are fast becoming status symbols as well. **A-P**

reports about the MiG overflights and Chinese forces on some of the reefs.

**Continued from Page 22**  
a joint statement calling for "peace, stability, safety and freedom of navigation" – and settlement of "disputes in the South China Sea" through diplomacy, not "use of force."

The Chinese try to sidestep controversy while making no real concessions as much as possible. They deny the reports about the two MiGs and avoid discussion of reports that Chinese forces have been seen on six atolls, reefs, and shoals. A top Chinese official, Jiang Shusheng, vice chairman of the standing committee of the 11th National People's Congress, said in a visit to Manila that the issue "should not be a hindrance to our special relations"—the same term that US officials use to describe US-Philippine relations. He dismissed as "mere incidents"

Although China sees the entire South China Sea as within its sphere of influence, the sense is that the contest for the islands will not erupt in a serious shooting war until or unless huge deposits of oil, gas, and other minerals are found there. Barry Riddell, a long-time diplomatic and political analyst in Manila, believes that China does not want to "provoke any kind of confrontation." Yes, he told me during a recent visit, "China wants to keep alive the claims, to keep acting." Yes, he said, "Some oil exploration is going on" – and "will keep on going for a long time." No, he seemed confident, the Chinese "will not do much more unless they find oil down there." **A-P**

Besides oil, of course, the brouhaha is about the environment, marine life, resorts, and fishing rights. What really fuels it, though, is whatever is beneath the shallow ocean floor around the atolls. A retired Philippine navy captain, Rex Robles, did not hide his anger over Chinese expansionism. "You see somebody in your back yard," he said. "He says, 'Let's talk this over,' but he refuses to leave." Robles had no doubts about the underlying issue. "It is a prime oil and natural gas area," he said. Arturo Carlos, a former member of the board of a Philippine oil company, told me during a visit to Palawan some years ago that "water intrusion in the oil" has impeded exploration. Nonetheless, he assured me, "There is black gold underneath." **A-P**



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## Implications of the Drought in China

BY YASHIKA DHINGRA

**C**hina's freshwater resources represent about 6 percent of the total global available amount.

However, the Yangtze River basin, around the middle and lower parts of the vast country, has remained parched for several months now. The drought continues to be a grim reminder of the unscientific overuse of limited water resources that has fed China's growth in the past century.

### Early Warning Signs of Drought

There have been indicators forecasting the worst Chinese drought in several years. Weather changes, declining coastlines, and the quick rate at which several vital feeder lakes such as Lake Honghu disappeared and were replaced by fields and fish farms, all portended drastic drought conditions.

The Danjinagkou Dam, which is one of the largest water reservoirs slated to feed one of the largest water projects in the country, has been consistently drying up over the last decade. The consequently parched northern cities, including Beijing, are thus being fed by water diverted from the Yangtze.

The Three Gorges Dam, which is one of the largest hydroelectric power projects in the world, is again shrinking by millimeters each day. Lakes in Central Hubei province are known to have shrunk to 207sq km of water from their earlier 348 sq km, despite this being the time of year when water needs to be at maximum capacity.

"I'm 70 and it's never been this bad. You can walk across and it only comes up to

your knees. We used to always worry about floods, not droughts, not ones as bad as this," says Xiao, one of the residents around the lake.

### Yangtze Feeds China's Farms and Industrial Hubs

One of the country's biggest rivers is the Yangtze, which acts as a lifeline along wherever it flows. It represents almost one-third of the total water resources available in China. With one-fifth of the world's population, China has been in the throes of drought over the past year, especially in certain key regions that have affected the entire production and availability of produce for domestic consumption and export.

The Yangtze feeds farmlands as well as industrial hinterlands, especially along the middle and eastern course of the river. This region too now suffers from severe drought, possibly the worst in the last 50 years. Rainfall in the region has fallen by over 40 to 60 percent annually and has created additional pressure on the localized water resources of the region.

There are several worst-case scenarios occurring around Lake Honghu, where innumerable farmers are losing crops, fish farms, and will soon lose drinking water as well. The once lush green fields are today parched patches in colors of barren yellow. Once hot-spots of aquatic culture, these fields and ponds are now without their rich sources of fish, shrimp, or crab. The landscape instead has wilted into dwindling dry lotus ponds.

The Yangtze region is not facing such an extreme a case as this in other parts, and with the coming rains, it is expected to regain its full capacity. However, the warning signs are now being sounded for possibilities of floods to occur.

### Lessons to be Learned from the Drought

Hydrologists at the Chinese Academy of Sciences in Beijing are a highly worried lot nowadays. This year's drought has truly sent these environmentalists to read the bigger lessons behind the tenacious dry spell. Says Xia Jun, a hydrologist at the institute, "There have been even worse droughts before, but

now these episodes can be increasingly serious, because economic development is bringing increasing pressure on water resources, and the effects of disaster spread out wider and are felt in more ways."

Experts are of the opinion that these droughts will give rise to further droughts in the future, which will continue to wreak havoc on the overall balance of the ecosystem of the region. A prominent water expert at the Chinese Academy of Sciences, Liu Changming, says, "The accelerated extinction of such lakes in recent decades has deprived areas along the Yangtze of a natural buffer against drought and flood."

The situation calls for planned and proper action, as close to 1,000, or one third, of natural Chinese lakes are disappearing, and this will impact the production of several food crops, including the all-important rice crop.

"A single drought this year won't lead to the collapse of China's economy, but this will have an impact, one that shows the threat that China faces from water stress," said Xia.

### Implications of the Drought on China and the Globe

That Chinese exports influence global consumption has been conclusively proven yet again with the slowing down of its grains output. The seriousness of the drought is better understood when statistics show that over 35 million people from close to five provinces in the central and lower parts of the Yangtze river basin have been economically affected. The direct impact in financial losses comes to the tune of 15 billion yuan, or US\$2.3 billion.

Government officials claim price crops will be sustained at the national level, but these five provinces cover half the total acreage of rice production in the country. He Xuefeng, director of the China Rural Governance Research Center at Huazhong University of Science and Technology in Wuhan, capital of Hubei, says, "Our estimate is that the affected area would amount to no more than 10 percent of Hubei's total acreage, and even these areas will be able to plant later crops if rains come."

Food and trade analysts say that decreased production in rice may be sustained at the national level of common food crops such as rice, but it is corn consumption that will be most affected, and close to 1.5 million tons will have to be imported from the US alone to sustain the country's demands. Other food grains too are continually being sourced from lesser-priced countries such as Argentina, as a food reserve alternative to the US.

### Drought will Impact Domestic Power

One of the immediate effects of drought is hydroelectricity production. The lowered production levels have seriously impacted the quantity of electricity available for distribution by the government authorities. By late May of this year, the Three Gorges Dam, one of the largest hydroelectric power-generating stations in the world, had fallen from a water level of 152.7 meters, and was expected to reach close to 145 meters by June 10. The period of May to October is the peak period of electricity production in

**Continued on Page 35**



## S. Korean Financial Leaders Deflect OECD Criticism of Rising Inequities

BY DONALD KIRK

**A** tough report issued by the Paris-based Organization for Economic Cooperation and Development portrays the downside of modern South Korea, despite the “miracle” of the rise from the ashes of the Korean War that raged some 60 years ago.

Against the image of Korea as a newly-shining giant spewing forth cars, computers, ships, and chips for global consumption, the OECD opened its annual review of the country with the pointblank declaration: “Korea is confronting a serious challenge.”

What, in the view of the OECD, does Korea now have to do to respond effectively? First and foremost, it must “improve income equality in the context of a severe demographic transition” – that of “transition from one of the youngest populations in the OECD at present to the second oldest by 2050.” That attenuated process, the report warned, “may boost the need for public spending and slow economic growth.” But the problem goes much deeper than that, according to the report. “Sustained rapid growth during the first decade of the 21st century has been accompanied by a marked rise in income inequality,” it noted. “Underlying social problems were further exacerbated by the 2008 global economic and financial crisis.”

Even “as Korea integrates into the global economy, said the OECD study, “it faces many of the same forces that have led to rising inequality in other OECD countries. “In the Korean case, however, the problem is

actually worse than in most member states. “First, its level of social spending is among the lowest in the OECD area,” said the report. “Second, the impact of its tax and transfer systems on income distribution and poverty is among the weakest. Third, Korea’s dualistic labour market is highly segmented between regular and non-regular workers, leading to wide inequality in wage income.”

The OECD report offered starkly-realistic recommendations that Korean politicians and bureaucrats do not appear in any hurry to accept: “As the pace of population aging is accelerating, it is important to act quickly in a wide range of areas.” These include:

- “Policies to sustain Korea’s growth potential in the face of falling labor inputs;
- “Measures that improve both growth and equality;
- “Carefully-targeted increases in social spending to reduce inequality and poverty;
- “Financing higher social spending, with priority given to a reform of tax and social security that minimizes the negative impact on output growth.”

The chances of Korea’s digesting such a menu appear remote given the emphasis of the conservative government on welfare – not social welfare but that of the chaebol, the conglomerates that dominate business and industry. Korean bureaucrats prefer to dwell on the country’s recovery from the economic crisis that swept the world in 2008 – a “downturn” from which the world’s economic leader, the United States, is far from recovering.

“Korea has recovered from the global financial turmoil triggered by the sub-prime mortgage crisis faster than other OECD countries thanks to its rapid and decisive policy responses,” said Kim Dong-soo, chair-

man of South Korea’s Fair Trade Commission, the day after the OECD issued its report. “The Korean economy posted positive growth (2.9 percent) in 2009 when major advanced economies were contracting.” Then, in 2010, Kim Dong-soo told a meeting in Seoul of the American Chamber of Commerce that the Korean economy “grew by as much as 6.2 percent, the highest growth over the last eight years.”

No less an economic analyst, adviser and policy-maker than the International Monetary Fund “commended Korea for its exemplary performance in recovery from the crisis,” Kim observed. Moody’s accorded Korea the ultimate badge of honor by raising Korea’s national credit rating from A2 to A1 in April 2010, he said, while the World Bank forecast in May that six countries, Korea, Indonesia, and the BRICs, (Brazil, Russia, India and China) “would account for more than half of the world’s economic growth for the next 20 years.”

After all that success, then, what could be going wrong? Kim preferred to lay the blame on popular opinion rather than government policies. “The problem is that the general sentiment on the economy is not improving in Korea,” he said, “despite strong signs of recovery from these macro-economic indicators.” Besides “inflationary pressure in the Korean economy,” he acknowledged that “large companies’ undue influence over small and medium-sized enterprises (SMEs), collusion practices, institutional and structural factors” and “the creation of monopoly and long-sustained monopolistic market structures” were all “aggravating the current conditions.”

Kim addressed the issue of reforms, however, in vague terms that suggested few real possibilities for reversing a trend in which the power of the chaebol has been smothering competition from upstart rivals. The Fair Trade Commission “is implementing competition policies,” he said, that would:

- “Create an open market where entry or exit of the market occurs freely;
- “Uncover and correct illegal practices of companies that harm the principles of a market economy;
- “Ensure shared growth between large companies and SMEs by inducing them to change their corporate culture voluntarily;
- “Create an environment where consumers serve as competitive pressure.”

Kim Dong-soo spoke of “the ultimate goal” in verbiage that resembled that of a pastor inveighing against sin. The key, he said, was “to spread competitive principles across the economy, building more transparent and sound economic systems, thereby keeping the national economy stable.”

He predicated those fine words on President Lee Myung-bak’s “three values” for a “fair society,” that is, “autonomy, fairness and responsibility.” Considering Lee’s background as top executive of Hyundai Engineering and Construction and his support of expanding the chaebol while paying lip service to the SMEs, one had difficulty viewing such “values” as anything other than window-dressing.

Kim himself recognized the problem from his years as president of the Korea

ExIm Bank. “Unfortunately these experiences have brought me to the conclusion that mutual partnership between large and small companies has yet to take root in Korea,” he said. Kim, however, was not in favor of rules and regulations that might bring about change. “Companies need to improve their culture and attitude through their voluntary effort,” he made clear, “rather than being forced by laws or regulations.”

Bahk Jaewan, minister of strategy and finance, answered concerns about income inequities and the power of the chaebol in remarks that left open the question of exactly what the government would really do. “The government will finely tune up social safety nets and encourage shared growth,” he declaimed in a speech at the Seoul Foreign Correspondents’ Club after the issuance of the OECD report. No way, however, could people expect handouts. “The government’s welfare policy,” he said, “is aimed at encouraging recipients to work rather than relying on welfare benefits.”

On the sensitive issue of what to do about SMEs, Bahk promised that the government would “encourage shared growth by large companies and SMEs while enhancing fair competition by closely monitoring unfair backing practices between affiliates.” Yes, he vowed, “We plan to prevent large conglomerates from gaining unfair benefits through trades with their own affiliate or subsidiary companies.” But what would the government really do? Cooperation on the part of business would be “voluntary,” he said, spurning the idea of new “rules and regulations.” Bahk acknowledged, however, that the government under President Lee had done away with “regulations” that were only impeding business growth. He argued that Korea was actually doing more than most other countries to close the gap. “Through deregulation and tax cuts the government will enhance economic freedom,” he said, “and reduce government influence to revitalize private sector activities.”

That laissez-faire view provided a rationale that would only contribute to the repression of SMEs and deepen inequities to cure the ills that Bahk claimed to want to address. The Korean position also defied the recommendations of the OECD, which Korea joined 15 years ago in a great show of national pride over acceptance into one of the global economy’s most elite clubs. The OECD placed top priority on increasing the efficiency of labor in a system in which hours are long but productivity in the service sector is half that of the manufacturing sector and 40 percent of the service sector in the United States. “Faster labor productivity in services requires strengthening competition through regulatory reform,” said the OECD report.

The OECD report called for “greater openness to the world economy as one way to boost productivity in an inward-looking society in which foreign direct investment as a percentage of the gross domestic product is the second lowest in the OECD area.” Foreign affiliates, it said, account for only 8 percent of service-sector turnover and four percent of employment, “well below OECD averages of 19 and 10 percent.” The report advised “strengthening international competition” by “reducing barriers to FDI,

**Continued on Page 39**



## South Korean Growth Rate Revised Downward, Following 1st Quarter Growth

BY RASHMI GUPTA

**S**outh Korea continues in its position as fourth-largest economy in Asia with a 1.3 percent growth in Gross Domestic Product.

However, although early estimates in April showed 1.4 percent growth, the Bank of Korea affirmed in the first week of June that the first quarter GDP growth stood at 1.3 percent.

In fact, it was noted that South Korea’s economy grew at this pace during January to March largely to spurt of growth in the manufacturing sector. Yet there were significant figures pointing to a slowdown in domestic demand.

### Bank of Korea Estimates

The Bank of Korea stated that the slower pace of growth was largely due to weaker domestic demand combined with very slow facility investment, although exports were robust.

“Despite weakness in capital and construction investments, robust exports led the overall growth in the first quarter,” said bank officials. Although goods going out of the country remained at a steady pace, especially in the semiconductor and automobile industries, lesser spending by consumers and investment in facilities affected overall economic performance rates.

Construction investment fell off as the government was concentrating more on social infrastructure, while tech sector investment delays led to slower spending there.

Jung Young-taek, director of the BOK (Accounts Division) says that, “If invest-

ment in social infrastructure revives, the domestic demand is likely to pick up.”

### Key Rates to Stagnate

It is expected that the central bank will freeze the key rate to 3 percent for this month too, as there appears to be greater uncertainty brewing. Some of the leading economic experts, such as Park Sang-hyun at HI Investment & Securities Co., believe that “With poor industrial output in April and slow recovery pace of domestic demand, it is likely that the second-quarter economic growth may cool to below 1 percent.”

In fact, inflation risks are peaking as consumer prices rose beyond the Bank of Korea’s guidelines of 2 to 4 percent for the fifth month in a row in May. In comparison to the previous year, inflation slowed to 4.1 percent in May from 4.2 percent the previous month. However, key prices excluding the expansive oil and food prices were higher, at 3.4 percent from the previous year.

However, the most important contributor to South Korea’s GDP, its exports, grew by 4.6 percent by quarter in the first quarter, exceeding estimations of 3.3 percent growth.

### Gross National Income Declines by 0.1 Percent

The GNI reflects the actual purchasing power of a nation, and the present GNI for the first quarter is at 0.1 percent lower than the previous quarter. This was the first recognized fall in over two years.

### Recommendations by Korea Development Institute or KDI

KDI predicts that “2011 inflation will rise to 4.1 percent instead of the former 3.2 percent estimate,” and suggests that the Bank of Korea should lift its key rate despite the perceived inflation risks. **ASB**



Christos Georghiou | Dreamstime.com

**The immense growth witnessed by the retail and manufacturing industries has brought warehousing and logistics facilities closer to towns and cities.**

## Importance of Logistics Industry for Growing Economies

BY SHAMILA JANAKIRAMAN

**L**ogistics involves the delivery of products or services for the client with assured quality and quantity.

The logistics industry also depends on the timeliness in which products are delivered to a destination. Promptness is of utmost importance, as delayed delivery can result in significant losses to the recipient of the consignment in most cases. 'Better late than never' does not work well for the logistics provider.

The logistics industry depended previously on transportation more than anything. Nowadays, however, good infrastructure and record-keeping have been improved by advancements in technology, integration, globalization, legislation, and confederations.

The immense growth witnessed by the retail and manufacturing industries has brought warehousing and logistics facilities closer to towns and cities. Previously

situated in remote areas near waterfronts and rail tracks, these facilities are now increasingly being located within rural areas and city borders.

Logistics forms an important part of the supply chain and involves the planning, implementation, and effective forward and reverse flow of goods, services, and related information from origin to recipient. A logistician controls the smooth functioning at every stage within legal boundaries enabling logistics management.

Logistics management is comprised of materials management, channel management, physical distribution, and supply chain management. It also includes the warehouse management system which takes control of stocks, and streamlines the movement of goods in the storage units.

### Logistics Industry Trends

Certain logistics activities can be outsourced to third-party logistics (3PL) providers, which include transporters who ferry goods from company warehouses to a port or vice versa. Fourth-party logistics (4PL) providers use resources, capabilities, and technology to manage the entire logistics process for a customer, unlike a 3PL

provider who takes care of only one function. A 4PL provider manages other 3PLs, including truckers, forwarders, and custom house agents comprising the entire supply chain.

The immense growth in the logistics industry, especially in the emerging economies over the past decade, ensures a bright future with 3PLs. Shipping logistics companies have gained a lot in these regions, with a large contribution coming from 3PLs such as transporters, warehouse facility owners, and brokers in freight-related jobs.

Non-asset-based logistics providers do not include transporters or couriers. The term refers to providers who undertake consultation services on packaging and transportation, freight quoting, financial settlement, auditing, tracking, customer service, and issue resolution. These experts do not own any physical assets, but rather possess freight industry knowledge, information technology know-how, and associated assets.

On-demand transportation is an evolving field within the 3PL industry. The on-demand model includes services like full truck load (FTL), hotshot (direct, exclusive courier), next flight out, or commercial airline shipping, and international expedited. As this field caters to the special needs of clients, it comes at a premium price and hence is profitable for 3PL providers.

### Asian Logistics Industry

The robust trade, economic growth, and liberalization policies followed by many Asian countries have resulted in increased trade volumes. The ensuing increase in transportation, handling, and warehousing needs has led to a demand for integrated logistics solutions in the region. Increased globalization in manufacturing and other technological advancements has made companies focus more on core activities, and thus logistics activities have been outsourced as a cost-effective solution.

In the case of India, the growing economy now requires a boost in its logistics services to keep the goods flowing at an increasing rate. The logistics field is now estimated at a value of more than \$US14 billion, with further growth envisioned. Logistics-related services in India encompass transportation of goods by air, land, waterway, and railway.

Air freight ensures rapid, safe, and even same-day delivery of goods and is hence much preferred. India, which boasts an extensive network of roads, prefers to use them to transport household goods, machinery, and vehicles. Another cost-effective and older mode of logistics is via the railway transport system, which carries vehicles, oil, and coal from one end of the country to the other in huge volumes. Shipment of goods on waterways is especially useful in international shipments of huge quantities of goods like grains, oil, or sensitive articles like uranium.

The logistics industry in India has grown fast, overriding major sectors like metals and mining. Strategically located cities like Mumbai were earmarked for setting up logistics parks with investments to the tune of \$US200 million. Export processing zones housing several companies ranging from garment to electronics have necessitated the need for a good logistics backbone to support the domestic market as well as international trade.

The Indian logistics industry is poised to grow annually at the rate of 15-20 percent, reaching a revenue outcome of \$US385 billion by 2015. The market share of the organized sector in logistics will also grow to 12 percent by 2015, opine market analysts.

Data reveals that nearly 110 logistics parks covering 3,500 acres, set up at a cost of \$US1 billion, will become operational by 2012. This will include huge warehousing facilities developed by logistics companies at an expense of \$US500 million.

China and Taiwan have been cooperating in efforts to improve logistics techniques. Since the advent of online shopping in China, the importance of delivery firms has grown manifold. Taiwan's logistics centers are assisting Chinese logistics service providers nowadays. The huge potential of China's logistics scenario can be proved by the overall turnover in

### Continued from Page 31

China, 20 percent of which is generated by hydroelectric power.

However, analysts believe the main reason for the current power shortage is largely the lower power prices which are being controlled to feed manufacturing units, thereby preventing hydroelectric power generation from being optimized. Drought is incident

### Factoids

- Logistics forms an important part of the supply chain and involves the planning, implementation and effective forward and reverse flow of goods, services and related information.

- In order to maintain a competitive advantage, logistics companies must leverage available knowledge more efficiently to evolve into innovation-based logistics service providers.

2010, which was estimated at 110 trillion Chinese Yuan (\$US16.6 trillion). This represents a huge business opportunity for logistics-related companies. The expected increase in China's GDP will give a further boost to this industry.

The logistics costs in China are high, yet they can easily be lowered. One hurdle China faces in this industry is that there is no unified business tax system. Currently, a three percent business tax is levied on transportation, loading and unloading, along with another five percent levy on warehousing and distribution and other taxes.

In spite of the growing economy in China, the logistics industry can be said to be continuing to suffer, but all city governments understand the importance of logistics centers for rapid urban development. Taiwanese logistics companies are preferred by Chinese clients over ones from Hong Kong and foreign enterprises for upgrading China's logistics sector.

With the Chinese logistics business scene as potentially lucrative as it is, several Taiwanese companies have set up logistics centers on land provided by Chinese local governments. A food logistics park was established in Chengdu by the Hai-Pa-Wang Taiwanese seafood restaurant, for example. Another cross-strait commerce and trade cooperation zone was set up in Kunshan in Suzhou.

Logistics operations can also be simple, as in the case of the Philippines, where bus lines are used to carry goods in provincial operations. Although not entirely dedicated to carrying goods, almost all bus lines accept packages for delivery on their routes. The sender has only to deposit the package at the nearest bus terminal and inform the recipient about the consignment.

As buses operate between routes continuously, this localized logistics system serves a huge population and may even be the fastest mode of delivery. Perishables like vegetables, fruits and flowers also follow this mode to reach urban markets from villages in all parts of the world, often reaching their destination in the wee hours of the morning.

tal to the overall lowered production of hydroelectric power in China, presently.

### The Road Map Ahead

China has a very limited pathway ahead of it. It has to improvise and implement greener practices of production as the present heavy pressures on the limited water resources available for both irrigation and in-

### Technology in Logistics

A systems-driven approach using advanced systems to integrate and simplify large, complex operations is required to streamline production activities up to delivery. A fully-integrated supply chain management solution will help systems integration and management besides enhancing decision support and visibility of the company's worldwide inventory.

Information technologies in the logistics industry include the application of data collection technologies and the Internet. Data collection and exchange are critical for logistics information management and control, as they can be leveraged to deliver customers' goods more accurately and efficiently. The bar code system and radio frequency identification system (RFID) are data collection technologies that are used widely for this.

Companies rely on information technology to enable integration, order and transportation management and warehouse management. RFID technology is used to track vehicles, pallets, and even smaller units to gain greater visibility.

Electronic data interchange (EDI), electronic ordering system (EOS), logistics information system (LIS), enterprise information portals (EIP), and knowledge management (KM) are information technology elements used in the logistics industry. Electronic data interchange involves inter-company computer-to-computer exchange of business documents in standard formats.

A good logistics company integrates all the supply chain functions ranging from raw material sourcing and manufacturing to the distribution of finished goods. The company has to control costs of transportation and inventory while working out strategies to serve customers optimally within set time periods and budgets.

All this makes supply chain management complex, and therefore companies need real-time visibility to gain optimal insights into the flow of goods from suppliers and even suppliers' suppliers. Better visibility reduces wait times, and helps manage inventory and costs. Different companies need different solutions designed according to the product, volumes involved, location, and so on.

Global supply chain management can be enhanced by systems integration and management to provide a tight vigil on worldwide inventory and transportation expenditure. Supply chain management, lean logistics which emphasizes waste reduction, inventory control, standardized work, and mistake-proofing are other requisites of a good logistics provider. In order to maintain competitive advantage, logistics companies must leverage available knowledge more efficiently to evolve into innovation-based logistics service providers, say experts. **A-P**

ustrial production is creating a widespread negative impact. Alternative resources for industries have to be found, since there are such a large number of industries involved.

Economic growth at the cost of environment degradation is a non-progressive route. Sustained development will provide a positive impact and better all-around results for China. **A-P**



## Bollywood Shares its Greatest Love as PiFan Closes

BY SUN BANG

The 15th annual Puchon International Fantastic Film Festival (July 14-24) in Korea opened with Rakeysh Omprakash Mehra's *The Greatest Love Story Ever Told*, the Bollywood documentary celebrating Indian musicals.

The film made its world premiere at the Festival de Cannes out of competition and made the Asian premier at PiFan this past July. Mehra, who is most well-known for *Rang De Basanti* (2006), was expected to attend the festival's opening ceremony with an ensemble of Indian and international cast to celebrate this special screening occasion. But unfortunately he could not attend the event because of some unavoidable situation back home.

Bollywood movies, films created in the popular style representative of India's cinema industry, now stand firm as one of Asia's major cultural resources with sufficient ripple power to reach all corners of the globe. In Korea, several Bollywood movies have been shown with much heated response. The genre is now being combined with fantasy and science fiction, increasing entertainment value, and the *Greatest Love Story Ever Told* pleased the eyes and ears of the viewers for the entire 81 minutes, displaying dazzling scenes with the charms of the songs.

The Asian films in Puchon Choice featured

competition including Mongolia's *Operation Tatar*, Malaysia's *Resurrection*, Hong Kong's *Revenge: A Love Story*, Japan's *Slapstick Brothers* and South Korea's *The Yellow Sea*. Also, this year's lineup had a strong selection of Southeast Asian horrors, including Indonesia's *The Perfect House*, Thailand's *OmniBus Four* and, from Malaysia, *Claypot Curry Killers* and *Limah Goes Home*. Also from Thailand, the festival screened *Friday Killer* and *Saturday Killer*, the first two parts of Yuthlert Sippapak's multi-genre hitman series.

Other highlights in the World Fantastic Cinema section included the award-winning *Invasion of Alien Bikini*, Dante Lam's *The Stool Pigeon* and Hong Kong-set thriller *Red Nights*, directed by Julien Carbon and Laurent Courtiaud. The *Vision Express* section explored the boundaries of Asian genre films with Singapore's *Forever*, Japan's *Hospitalité* and *Ringing in Their Ears* and, from Taiwan, *Honey Pupu* and *Make Up*.

Ever since PiFan's 7th hosting in 2003 included a special section for Bollywood movies, PiFan has introduced new Bollywood movies every year with special affection. By opening the 15th festival this year with a Bollywood movie, PiFan attempted to more actively showcase Bollywood films to Asian and international moviegoers.

The festival screened 221 films (127 features and 94 shorts) from 34 countries, including notable Bollywood films such as Abhinav Kashyap's *Dabang*, S. Shankar's *Robot*, and Farah Khan's *Om Shanti Om*, of which approximately 78 percent of screenings were sold out completely. Top-sellers were *Gantz*; *Perfect Answer*; *Detective Conan: Magician of the Silver Key*, while the top selling Korean film was PiFan's closing choice, *The Blind*. A-P





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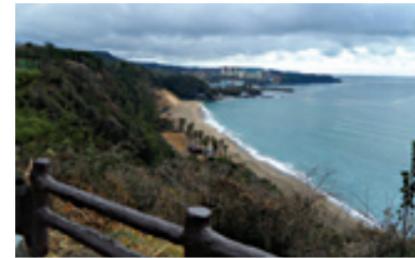
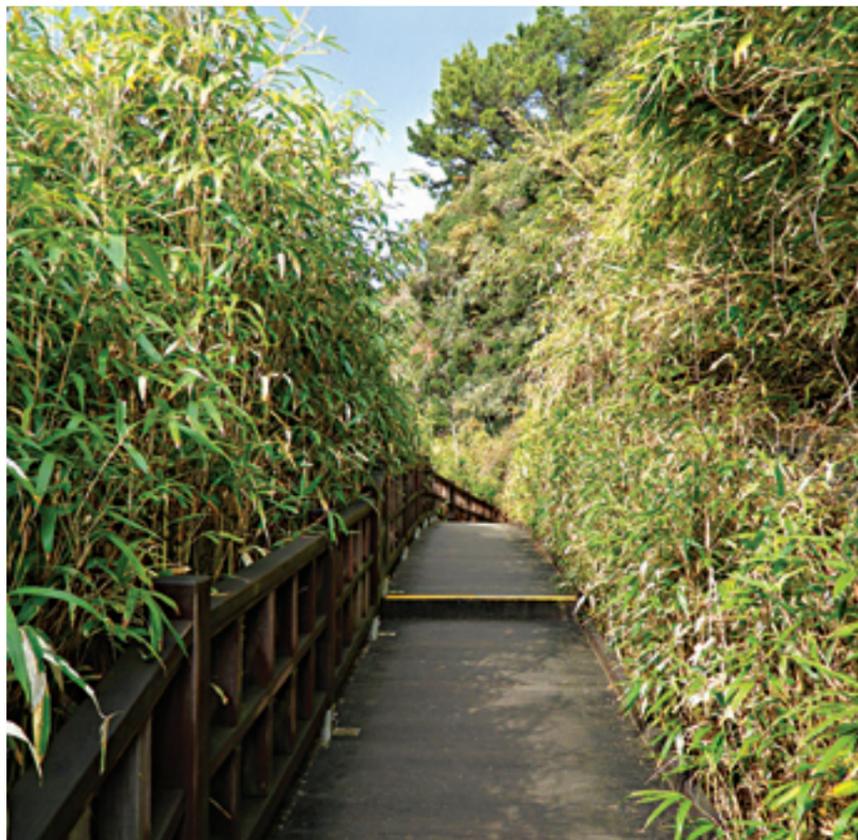


## Jeju Island: Halla Mountain and Olle Hiking

BY JIN-SUK YANG

**J**euju Island, the largest island in South Korea, lies to the south of the Korean peninsula. It is a volcanic island but it is currently dormant.

This volcanic island is dominated by Halla Mountain, the tallest mountain in South Korea, which rises 1,950 meters above sea level. Jeju Island's unique geographical location with its subtropical climate, which is much warmer than rest of the Korean peninsula, has made it a favorable tourist destination, appealing to many couples as a popular locale for honeymoon trips and to many tourists as a popular sightseeing destination. Traditionally the major tourist attractions in Jeju Island were its beaches, colorful natural scenery, historical relics and national parks, but recently hiking has surfaced as one of the most popular tourism themes among Jeju Island visitors.



### Halla Mountain Hiking

Halla Mountain (1950 m), a dormant volcano characterized for its gentle slopes, is situated at the center of Jeju Island. Baeknokdam, its summit crater, is where the legendary story has it that an ancient mystic who traveled on a white deer came for refreshment. Halla Mountain also features a steep cliff and rocks in a variety of shapes, along with the surrounding 40 oreums (parasitic volcanos, or small volcanoes formed around a major volcano), and the mountain boasts distinguished and outstanding scenic views throughout the four seasons. Halla Mountain is also called a living ecological park because it acts as a natural habitat for approximately 2000 of the 4000 species of plants that are found in Korea. It also has the largest ecology of Korean fir trees at the summit. For its outstanding scenic appeal, as well as geological and biological value, Halla Mountain was designated as a World Natural Heritage by UNESCO in the year 2007.

There are six major trails for Halla Mountain hiking, namely, Eorimok, Yeonsil, Songpanak, Gwaneumsa, Donnaeko, and Eoseungsaengak Trails. The Eorimok, Yeonsil, and Songpanak Trails are the most popular and recommendable.

Eorimok Trail is a 6.8 kilometer long trail laid on the northwest side of Halla Mountain and begins at the Eorimok Square on the 1100 Road. It is the most popular trail because the views of Jeju oreums can be seen right away. The Eorimok trail runs across Witseoreum at 1,700 meters above sea level. It stops at the junction of the mountain's southern cliff due to the Rest-year Sabbatical System around the top area. For a return course, trackers could take either the Yeongsil or Donnaeko Trails.

The Yeongsil Trail is southwest of Halla Mountain which is a 5.8 kilometer course. The path to the trail is on the 1100 Road. Although it is the shortest course, the outstanding scenery along the trail is one of a kind. It also offers the best autumn foliage. Because of the steep angle of the stone stairways from 1,400 meters above sea level, trackers may have to rest more frequently. The Rest-year Sabbatical System is currently applied around the top of Halla Mountain. For this reason, trackers are only allowed to the junction of the mountain's southern cliff after passing through Witseoreum at

### Continued from Page 33

including foreign ownership ceilings in key services, and liberalizing product market regulations." Besides, it added, it's "important to foster a foreign investment-friendly climate by enhancing the transparency of tax and regulatory policies and reforming the labor market."

The issue of social spending lay at the



1,700 meters above sea level.

Seongpanak Trail is a 9.6 kilometer long course that is located on the east side of Halla Mountain. The trail begins at the 750 meters point above sea level on the 516 Road that runs across the mountain and the trail continues to the summit. It is a good course for trackers for all ages and genders due to the trail's gentle slope. The Seongpanak Trail boasts the spectacular beauty of spring with the field covered by azalea blossoms and greenery of the Korean fir trees. As a return course trackers could take Gwaneumsa Trail.

### Olle hiking

"Olle" [Ole] is the Jeju dialect for a narrow pathway that is connected from the street to the front gate of a house. Hence, Olle is a path that comes out from a secret room to an open space and a gateway to the world. In a sense, if the road is connected, it is linked to the whole island and the rest of the world as well. In short, Olle is a trail route path along the pristine coastal perimeter of Jeju Island that has been purposefully marked by volunteers to enable walkers of all ages to enjoy the unspoiled beauty of the environment. When pronouncing the word Olle, it sounds like saying "Would you come" in Korean, so Jeju's Olle sounds like saying "Would you come to Jeju?" Since the year 2007, when the first Olle trail was opened, there have been efforts to develop and open more Olle trails. There are currently a total of twelve trail



heart of the problem of overweening inequities. "Social spending – at 7.5 percent of GDP – remains well below the OECD average of 20 percent," said the report, while Korea's "tax and transfer systems have the smallest impact on inequality of any country in the OECD area" and "well-targeted tax and benefit programs are needed to mitigate increasing inequality trends." That was



routes equaling 200 kilometers of walking trails. It is said that trackers who explore the Jeju Olle could experience peace, happiness and healing on the road.

On average, each Olle trail is about ten to eighteen kilometers long, and each offers a distinct opportunity to soak in the beauty of the Jeju coastline that varies from lowlands to highlands. Among the twelve major routes, route 7 which connects Oedolgae Rock to Wolpyeong is known to be the most popular among visitors. This route is a seaside hiking trail beginning at Oedolgae Rock and passing through Beophwan port and the Poonglim Resort until it reaches Wolpyeong port. Some of the most loved points on the route involve coming across abundant pampas grass and wildflowers. Moreover, visitors should never miss out on Soobong pathway and Soobong Bridge, which are named after Kim Soobong. He built the pathway and bridge himself using shovel and pick to clear the road and moving big stones to make the bridge.

Hiking in Jeju Island is a unique experience in a way that visitors can directly experience the natural environment. It offers visitors the opportunity to fully enjoy Jeju Island itself, Halla Mountain, beaches, and oreums which have not been artificially manipulated to fit a tourist's needs. Hiking can be done alone, with families, or even with friends. To fully experience hiking in Jeju Island, participants need just three things: appropriate clothing, comfortable shoes, and some pocket money. [A-P](#)

an area in which Kim Dong-soo of the Fair Trade Commission did not care to venture while calling for "open competition" on a "level playing field." [A-P](#)

Donald Kirk is the author of numerous books and articles on Korean business and economic issues, including "Korean Dynasty: Hyundai and Chung Ju Yung" and "Korean Crisis: Unraveling of the Miracle in the IMF Era."



Thomas Perkins | Dreamstime.com

## Asian Schools Go High-Tech with iPads

BY LYNETTE WU

**T**he phenomenal rise of Apple's iPad is changing the face of mobile computing in almost all major aspects of Asian society, including education.

Schools in more economically-advanced Asian countries are now going high-tech with the integration of the iPad and other similar tablet devices as a comprehensive learning solution for their students, which will eventually replace traditional paper-based notepads.

Using digital books will make it a lot easier for students in these Asian schools to use the tablet as a primary learning tool instead of physical textbooks and notebooks. iPads and tablets can store literally thousands of pages of textbooks that students can easily access as well as serve as a note-taking device. Not only will students do away with lugging heavy school bags filled with books, pens, and paper when going to school, but a paperless classroom will be good for the environment as well.

In Japan, the Future School project is already underway with classrooms from ten different elementary schools fitted with electronic blackboards which will be a more interactive communication platform between the school and the students. Aside from that, Japanese students from these schools will be provided with one tablet each as a primary learning tool.

In South Korea, schools are equipped with WiFi zones and these areas are used by the education ministry as a testing ground for digital textbooks to which students can have access. These online texts would be part of the education ministry's plan of supplying tablets to all schools nationwide.

The education ministry in Singapore, a country known for its high level of math and science education, will be providing schools with grants to purchase tablets, software and services. One example is the Nanyang Girls' High School, where more than 120 students and 16 teachers were already provided grants to the tune of 100,000 Singapore dollars. These grants are in line with the nation's goal of providing one iPad to each student in the country by 2013.

### Redefining the Classroom in Asian Schools

Classrooms around the world today generally look the same that they did in centuries past. But everything is changing now in this digital age, particularly in Asian schools, which are already way ahead in the game of digitizing education. Learning will also evolve from traditional teacher-student interaction, but tablets will make it easier for students to give learning feedback to one another using their tools and online resources.

In some schools in Singapore, where the use of iPads and similar devices are now being used extensively by both teachers and students, learning can be both fun, interactive, and more interesting with these devices. Students can move numbers around to study factorization or learn more about parts of the cell or the human body by simply clicking on a section in a diagram. The human DNA double helix structure can come alive on the screen, making it more interesting for students to learn. These and other similar educational applications are being developed and made available for the tablet.

The growing penetration of tablets in Asian schools is just a reflection of the device's popularity in mainstream society. Sam Han, an instructional technology fellow at the City University of New York and a US-based expert on the role of technology in education, foresees that the use of technology in some Asian countries may even surpass or leapfrog that of the West. According to Han, this is primarily due to greater broadband Internet access penetration in these countries as well as better Internet infrastructure than countries in the West, including the United States.

Not all experts are keen on loosely dumping technology on Asian schools. Education experts and psychologists are concerned that students may get distracted with the available social networks and games online, which would be accessible from their tablets. Thus they could neglect the main goal of the device as an educational tool. The penetration of social media among Asian youths is very high and has grown even more so with the proliferation of tablets, smartphones, and other web-enabled devices. Providing students with Internet-connected tablets would give them free reign to access social networks or play online games instead of studying their lessons.

However, these experts also acknowledge that the use of technology in schools is inevitable and will be the trend of educational systems in the future. Tablet makers are now developing devices intended for educational purposes, and alongside come software developers that will provide

various applications intended for teaching or learning. Educational applications and online learning systems could actually increase student thought and analytical skills – once they overcome the novelty aspects of owning an iPad or a tablet.

### Tablet Makers Targeting the Education Market

Rupert Murdoch, the famous media mogul known for his News Corp group, said in one of his speeches that the use of tablet computers and the rush of software applications that goes with it for educational purposes would be a huge business with an immense potential growth. Murdoch said that education technology is the "last holdout from the digital revolution" and his own company would be pushing into the realms of this new market. His vision is to provide a personalized learning system where lessons will be delivered by some of the world's best teachers to students around the world using the Internet.

Apple's iPad is expected to be the primary tool to deliver this educational technology system, but it would not be the only one. Several tablet makers and start-up technology companies are joining the bandwagon in providing educational tablets for students worldwide. This includes companies like mySpark Technologies, Vinci Tab, and ScrollMotion – all moving towards providing education solutions to students and changing the way they study, do their homework and share information with teachers and fellow students.

Most of these tablets will be based on the Android operating system and will feature a 10-inch screen where students can download and read digital textbooks, run educational Android applications, sync with their school calendars, and collaborate with teachers and peers using instant messaging. Going beyond the boundaries of traditional textbooks, students can learn more effectively using these interactive materials as well as from online educational videos and other web-based courses. Tablets like the MySpark will be provided with a special stylus which students can use to take down and annotate notes.

While tablets like the MySpark will be targeting college students, other educational tablet manufacturers like Vinci Tab will provide tablets intended for non-school age kids. Children can learn and feed their curiosity from the storybooks, games, and music videos that will be made available. These applications can provide a focus for these kids and develop their analytical skills. This will be a better alternative to the iPad or even the Galaxy Tab, which may be too heavy and unsafe for toddlers and young kids.

Other startups will focus on providing digital educational content on their tablets, such as ScrollMotion, which has worked with traditional educational printed content from publications like McGraw-Hill, providing these materials available to online readers to supplement their education. This digital education-based content ranges from the availability of online versions of traditional education texts to online learning platforms focused on students from different levels.

These materials will also feed the natural tendency of students to socialize even if

they choose to avoid their school libraries to supplement their education. Using the power of social media, students can benefit from a more collaborative learning environment where the collective learning input from the student community will benefit each and everyone's learning journey.

### Marketplace Competition

Industrial research expert Gartner reported that the worldwide tablet market will almost double its sales in 2010 and may reach up to 54.8 million units this year. Gartner predicts that the market will continue to grow and surpass 208 million units by the year 2014. The education technology market will take a major part in this with industry leaders Apple and Samsung taking a larger piece of the pie. Other players like educational tablet startups will focus on niche education areas and grab their share of the market.

This competition among tablet players, whether they're industry giants like Apple or start-ups like MySpark, is favorable for educational institutions not only in Asia but also in other countries around the world. Each of these manufacturers wants to develop their own product that will provide teachers and schools better technological tools for learning – all intended for the benefit of the students. Students can learn better with interactive learning applications that will enhance the learning experience, making it easier for the students to study and provide teachers with more effective tools.

These new educational platforms will not only foster a new experience and environment for individual learning, but they will also facilitate more efficient and effective virtual study groups. Students can share educational content with peers, collaborate on school work, and collectively work on a school project – a better and more dynamic learning experience that students can easily learn to enjoy. [A-P](#)

### FURTHER READING:

- Yahoo News [www.news.yahoo.com](http://www.news.yahoo.com)
- Channel Insider [www.channelinsider.com](http://www.channelinsider.com)
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### COMPANIES MENTIONED IN THIS ARTICLE:

- Apple [www.apple.com](http://www.apple.com)
- Samsung [www.samsung.com](http://www.samsung.com)
- News Corporation Group [www.newscorp.com](http://www.newscorp.com)

## Opportunistic Hackers

BY MEENAKSHI SHANKAR

**A**s the world is soaring to ever-greater heights with innovations in computer and Internet technology, there is an increasingly high risk in terms of unauthorized use of computer and network resources.

Computer crime authorities are trying to find a way to stop hackers who are continuing to gain public attention through high profile hacks. Privacy protection has become a core necessity in this cyber universe.

Regardless of the widespread availability of WiFi security tools, nearly half of all home WiFi networks can be hacked in seconds, according to a new survey. Reports indicate that more than 50 percent of Internet users are vulnerable to serious data security breaches. With steadily increasing users of smartphones and wireless networks, it has become far easier for hackers to crack usernames and passwords.

Additionally, today there is a fundamental social shift occurring in hacker culture. Activists are disrupting major corporate and government web sites, stealing and leaking sensitive data, and thereby changing the way we use the web. There is greater trepidation nowadays with regard to Internet-related security issues, which are a consequence of an increasingly technically-adept gang of faceless hackers who are seemingly increasing in number by their own will.

Stree Naidu, vice president of Asia-Pacific and Japan at the data security company Imperva, said he believed smartphones had created new security problems that had been considered mainly an issue with web programming.

"For example, it is considered a common security practice to encrypt data transferred for login forms," he said. "However, we witnessed those same forms passing the data in unencrypted format when the login page is presented via a mobile-dedicated login page."

Mobile security has all the potential to be exploited quite easily by hackers. In September 2010, a virus began infecting more than a million mobile phones in China. Masquerading as an anti-virus application, the "zombie" let hackers access the phone's SIM card and automatically send spam text messages to people listed on the phone's address book.

Frost & Sullivan forecasts that smartphone sales in the Asia-Pacific region alone will double this year to 100 million units, accounting for 20 percent of the mobile devices shipped in this region. Additionally, the information technology research company International Data Corp. predicted that downloads of mobile applications worldwide will rise to 77 billion by the end of 2014 from 10.9 billion in 2010.

The opportunity certainly exists for hackers who are capable of creating tremendous damage. To cite an incident back in March of



Dmitriy Shironosov | Dreamstime.com

this year, forty South Korean websites, including those of the presidential office, the National Intelligence Service and the defense ministry, were reportedly targeted for three days in Distributed Denial-of-Service (DDoS) attacks, where it was indicated that malicious code flooded the networks with fake access requests, causing them to crash. In April, more than 2 million South Koreans lost access to their accounts at the National Agricultural Cooperative Cooperation, known in Korean as Nonghyup Bank.

Hacking has also progressed from a stage where it was done for fun to a serious enterprise where you can make money from selling credit card numbers and other account information. An attacker could grab multiple authentication tokens by setting up a Wi-Fi access point with the same name of a common wireless network provider and wait for smartphones with default settings to automatically connect to a previously known network and start syncing immediately, according to the report. Here, the attacker could capture authentication tokens for each service that attempted to sync.

Not only is the calendar data exposed, but also information about user contacts. An attacker could also change the stored e-mail addresses of contacts, and the user can be at risk by sending sensitive information to the attacker instead of the intended recipient, the researchers noted.

Hackers smash into computers and computer networks without any authorization and cause chaos and harm to the owners of the system. Most of the culprits are teenagers and young adults with criminal intentions. LulzSec, the cyber crime rulers, have hacked websites of major companies and intelligence agencies over the past several months.

Recently, the electronics giant Sony said the names, addresses, emails, birth dates, phone numbers, and other information from PlayStation service customers were stolen from its servers as well as an "outdated database" from 2007 which contained details of around 23,400 people outside the US. That includes 10,700 direct debit records for customers in Austria, Germany, the Netherlands, and Spain. Sony's PlayStation hack incident has already sparked legal action and investigations by authorities in North America and Europe. In this biggest breach, hackers compromised the security of 100 million credit card-backed accounts on the PlayStation Network.

Hackers have also been operating from China and stealing sensitive information from Western oil companies. Similarly, a targeted attack on Google got to the Gmail accounts of many users, which included some high-level US government officials. A Romanian hacker claims to have breached a computer server at NASA's Goddard Space Flight Center and gained access to confidential satellite data.

Internet banking, online shopping, and all

**Continued on Page 47**

# Google Panda: What it Means for Your Business

BY RAJANI BABURAJAN

What do you see when you open your Internet browser? Well, most of us have the Google home page that opens with a search button “ready to go.” What is your desire today? A decent restaurant nearby? A hotel booking? Admission to college? For anything and everything, Google is the answer. The search browser has become an inseparable companion for most Internet users. With the recently introduced Google Panda (also known as Farmer update), things are going to be even easier. There’s lot more to expect from this search engine in the coming years.

While Google Panda is going to make the search process more meaningful, it’s going to impact the web sites, and in turn, businesses, in a big way. The impact of the search engine update is already visible among several web sites. While the page ranks of some sites have shot up, those of others have fallen, creating a panic among web site owners and businesses alike. Thus, a journey through Google Panda will help alleviate the worries of businesses active in the Internet space.

“The name “Farmer update” is related to the concept of removing content “farms.” However, there’s no clue why the Farmer has been renamed Google Panda. Some geeks attribute the name change to Google CEO’s passion for Kung-Fu and the Kung-Fu Panda.

## What is Google Panda?

Search engines play a crucial role in improving the quality of web sites. Google, the search engine king, has been at the forefront of innovation, acting as a role model for similar web sites. Google Panda is a major step in the evolution of search engines, as it filters web sites based on the quality of their content. Unlike many previous algorithms that didn’t bring noticeable changes in search results, Google Panda is clearly going to have a great impact on the performance of web sites.

## The Real Impact

According to Google, the new algorithm has had an impact of 12 percent of its search results in the US, where it initially rolled out the changes. With worldwide rollout being complete now, Google Panda is likely to have the same level of impact in other countries, as it is applicable to non-English search results as well. The company also announced a few minor updates in April, which is estimated to have a further 2 percent impact on US search results, Google said.

“This update is designed to reduce rankings for low-quality sites – sites which add low-value for users, copy content from other web sites, or sites that are just not very useful,” Google said in a blog post announcing Panda. “At the same time, it will provide better rankings for high-quality sites – sites with original content and information such

as research, in-depth reports, thoughtful analysis and so on.”

In April, CNET analyzed the impact of Google Panda on web sites and found that some of the new sites have gained advantages from these changes, while reputed sites like WikiHow and eHow that have a huge user-generated content have been hit hard.

Demand Media, which operates sites like eHow and Livestrong, revealed the change during an earnings call with investors in April. “In February and April, we experienced two major algorithm changes,” said Richard Rosenblatt, Demand Media CEO. “For eHow, here is the impact: as compared to the levels before the first February change, we saw a net decline in search engine referrals of 20 percent.”

Other web sites that have slid in popularity include Nextag.com, a price comparison web site, and TravBuddy, which promotes lots of user-generated content. Following their decline in page rank, these companies are rigorously trying to improve the quality of their web sites by removing low-quality content.

According to SearchMetrics, Panda has negatively impacted popular web sites like AssociatedContent.com, FindArticles.com and EZineArticles.com. It has also pushed down some legitimate sites including Cult of Mac and the British Medical Journal. However, web sites like Wikipedia, YouTube, Amazon.com, and IMDB retained their earlier top positions. Social networking sites like Twitter and Facebook made a significant upward move, while Yelp, Flickr, Apple.com, and WebMD slipped a bit. US government web sites benefitted significantly. For example, WhiteHouse.gov climbed from No. 125 to No. 79, and web sites like NASA, the Centers for Disease Control, and the National Institutes of Health also recorded significant rise in their page rank.

## What it all Means for Your Web Site...

Simply put, Google Panda propounds the idea of originality in content. To be friendly to Google, you need to ensure good quality, original content. The more original the content is, the better the page rank will be. It means it’s time to remove all the poor quality content in your web page and replace it with fresh original content that is appealing to your users. The Google search engine advocates that the content given on a web site should be authentic and relevant. This new algorithm is a clear “no” to content spammers and copycats.

Another aspect of Google’s search update is so-called Social Validation. Today, web sites adopt several social tools to rate their content and make it popular among readers. Sharing on Facebook, Twitter, YouTube, LinkedIn and other social networking sites improves the social value and search engine rank of the content. Google has been a strong proponent of social content sharing methods like RSS feeds, which allow for content sharing among web sites in an ethical manner. With Google Panda further stressing this point, it becomes imperative for web sites, especially those in the publishing industry, to incorporate social media tools into their sites. Plus, they should encourage readers to bookmark their sites and share the pages with other users.

Will Google Panda be a sword to article

marketing companies? Article marketing through directory submission web sites has been a lucrative business opportunity for SEO companies. With the new Panda Update, article marketing gets a new face. It cannot be the same old keyword-rich clichéd articles. Content writers will be restricted from “lifting” ideas from other web sites. Google Panda strongly opposes the idea of filling the Internet space with repetitive content, most of which is irrelevant to information seekers. The result: companies now have to publish fresh content that has the relevant information for their users. That said, bloggers might get a better say in Google space. The search engine values the contribution of authentic bloggers who contribute to information sharing. Inviting authentic bloggers to your site should enhance the visibility of your web site. Article marketing still is an option, but companies need to ensure that the articles are unique in all respects.

## Google’s Suggestions to Improve the Page Ranking of your Web site

Here are some important suggestions that could bring quality to your web site:

- Make a site with a clear hierarchy and text links. Every page should be reachable from at least one static text link.
- Create a site map with links to important pages of your site.
- Share links with sites, which you think should know about your pages.
- Restrict the number of links on a web page to a maximum of 100.
- Make the web site informative with original, high-quality content without grammar and spelling errors.
- Make the content keyword-rich so that it gets caught by search engines quickly. The ideal keyword density is 3-7 percent.
- Label the images using text values. Google crawler doesn’t recognize text contained within an image.
- Make sure that your <title> elements and ALT attributes are descriptive and accurate.
- Test your web site’s compatibility in different browsers.
- Test your browser in a text-only browser such as Lynx. If the web site is heavy with rich media content, provide the text-only alternative to search engines to crawl and index your web site.
- If you buy a content management system, make sure that the system creates pages and links that search engines can crawl.
- Improve the load time of your web site. Fast sites increase user satisfaction and improve the overall quality of the Web, so they get ranked higher in search engines.
- Use web site performance monitoring tools like Page Speed, YSlow, WebPagetest, or other similar tools.

Meanwhile, Google also warns web site owners against the use of any deceptive or misleading practices intended to improve

the page rank of the site. Some of them include, but are not restricted to, using misspellings of popular web sites, camouflaged text, keyword spam and content spam. Google collects spam reports on a regular basis and penalizes web sites that abuse Google’s quality headlines. These spam reports also play a major role in the building of new search algorithms.

## Follow these quality guidelines to prevent being penalized by Google

- Do not use cloaking, i.e., presenting one content for search engines and different content for users.
- Present the content from a user perspective instead of search engine perspective.
- Don’t participate in link schemes that claim to increase your site’s ranking or PageRank. Avoid links to web spammers or poor quality web sites as they would have a negative impact on your web site.
- Don’t use unauthorized computer programs to submit pages, check rankings, etc. These programs consume computing resources and violate Google’s policies. For example, Google does not recommend the use of products such as WebPosition Gold that send automatic or pro-

grammatic queries to Google.

## Say “No” to

- Hidden text or hidden links
- Cloaking or sneaky redirects
- Sending automated queries to Google
- Loading pages with irrelevant keywords
- Filling pages with duplicate content
- Don’t create pages containing malware
- Avoid “doorway” pages created just for search engines
- Avoid “cookie cutter” approaches such as affiliate programs with little or no original content.

## Google Panda: The Result of Extensive Research

Google adopts several methods to improve its search process. The search engine has an extensive resource wing that compiles data from search results and analyzes their relevance based on factors like content quality, the web site’s performance (how long it takes to load), anchor text links, user behavior (whether they blocked the site or not), and more. Recently the com-

# Mobile Handset Market in India

BY MEENAKSHI SHANKAR

## The rapid growth of the telecoms sector in India is having a greater impact in India’s mobile handset market.

The country is now the 2nd largest mobile handset market in the world. With facts and figures pointing to approximately 811.59 million mobile phone subscribers in India as of March 2011, growth is expected to continue rising steeply through to 2012.

Spurred by a variety of products and services, the industry has become well-defined. The market offers phones ranging from the Vodafone VF150 to the super cool iPhone 4G, all due to improving awareness among consumers coupled with the vast amount of information available and advertising that comes with a clean focus.

The introduction of 3G in the Indian market, along with the availability of smartphones that use the technology, is playing a crucial role in the growth of the mobile industry in India. These smartphones improve user experience by allowing access to the Internet, video calling, streaming music, and much more. Even rural circles seem to be expanding fast in mobile handset use. All of this has been presenting smartphone marketers with a gamut of opportunities to market mobile phones with cutting edge technologies, high-end cameras, and



Antonella865 | Dreamstime.com

QWERTY keypads to a huge market. Local players are also trying to catch up with global manufacturers in terms of better satisfying Indian consumers.

## Key players in Indian Mobile Phone Market

Nokia – the Finnish telecommunications pioneering giant, has been seeing success in the Indian market due to its varied user-friendly products. This brand has been there for more than a decade and the company first saw a breakthrough with its model 1100. Marketed with a tag saying Made for India, the product was a huge success and consumers started believing in the brand phenomenally. Nokia still commands an extensive market share due to its brand positioning. It is also trying to reinvent its image to cater to the vast new age population who wish to stay connected all the time.

Other entrants such as the Canadian power player Blackberry are also leaving no stones unturned by appealing to every vertical segment of society who desire a smartphone. This brand has come out with a more attractive price, making it more accessible, and it is also appealing to the crowd by leveraging applications such as its messenger.

pany launched a “block link” option in its Chrome extension, which appears when a user clicks a site, opens it, and returns the same search result.

Google says that while they designed the Panda algorithm entirely through logical and scientific methods, it has also been found that Panda was validating what the search engine has been observing for years through various methods. For example, Google says over 84 percent of sites that were negatively impacted by Google Panda fell within the sites that were blocked using the Chrome extension.

## Why Google Designed Panda

In its earlier form, the Google search algorithm had several flaws. In fact, they were not flaws, but rather, certain limitations that helped search engine gamblers “outperform” the Google algorithm. They succeeded in making low-quality content more “technically appealing to Google crawlers” than the high-quality content generated from authentic web sites. The result: the web is now loaded with “search engine-friendly” content, but not user-friendly content. This has questioned the soul of Google’s search ethics.

With Panda at the forefront, Google is all set for a war with content spammers. Are they listening? [A-P](#)

## Apple – the Next Wave...

Bharti Airtel, yet another of India’s mobile service providers, launched Apple’s latest device, the iPhone 4G, in India for the price of US\$780 for the 16GB version and US\$920 for the 32GB version, incidentally at the time when private operators rolled out their 3G services in India.

Consumers today are demanding phones that do much more than just calling or messaging and helping them stay connected. Effective prices, affordable voice and data plans, sign-up charges, and air-time charges also appeal to customers who are now experiencing the facility of disposable incomes. Brands such as Micromax, Karbonn, Beitel, Alcatel, Spice Mobile, and Fly Mobile are the next leaders who are now experimenting with their part and feeling the pulse of Indian consumers.

Reports indicate that tele-density in India reached 67.67 percent during January 2011. Urban tele-density is indicated as 150.67 percent and rural tele-density is 32.11 percent. Wireless tele-density is 64.74 percent. Private operators hold 87.88 percent of the wireless market share, whereas BSNL and MTNL, two PSU operators, hold only 12.22 percent market share each. The broadband subscriber base has increased from 10.92 million in December of 2010 to 11.21 million in January of 2011. This is leading to a highly-optimistic future forecast, and Indian telecoms growth is expected to grow further with 208.4 million phones being shipped by 2016. The Indian mobile phone market is definitely witnessing an era of revolution, and customers are also rapidly shifting from a standard featured mobile phone to one which can offer them all the greatest features at an affordable price. [A-P](#)

## Fastest Wireless Transmission Circuit Technology Developing in Japan

BY ANURADHA SHUKLA

**I**magine wireless data streaming to your laptop at speeds faster than what your current wired local area networks are capable of.

That would be a real treat, as you would be able to enjoy hours of streaming high-definition video via your WiFi connection at a quality you'd never experienced before. Again, imagine having that kind of speed, which people are now calling Wireless Gigabit (WiGig), directly on your mobile devices.

This may soon become a reality with announcements from Panasonic about creating a WiGig-capable chip that is designed specifically for the mobile phone. The Wireless Gigabit Alliance, the main driver for WiGig technologies, has been collaborating with Panasonic on the development of this chip, which will be capable of delivering high-speed communication at speeds that are 20 times faster than what people are currently used to with existing WiFi connections.

### 60GHz Multi-gigabit Wireless Communication Technology

At present, high-speed wireless communication for mobile devices exists only in the 2.4 GHz and the 5 GHz band. Mobile devices cannot take part in higher frequency bandwidths such as at 60 GHz, the ultra-high-speed wireless communications used for digital TVs, due to the high energy consumption required to operate at such speed



Strauski | Dreamstime.com

and bandwidth.

But with the development of Panasonic's new WiGig-capable chip, 60 GHz multi-gigabit wireless communications can now be optimized and used for mobile devices. Both the transceiver core and peripheral circuits of mobile devices that will use such technologies will be optimized to operate on 1W of power, making ultra-high-speed wireless communications at the 60 GHz frequency band a reality.

For mobile users, communication speeds will be higher than existing local area networks and will operate 20 times faster than normal. With a bigger bandwidth, a 30-minute video recorded and compressed at high

definition will be able to be downloaded directly to your mobile phone in ten seconds flat. High-speed high-definition video content streaming will also soon be stress-free.

### The New Evolution in WiFi

The development of the new technology was supported by Japan's Ministry of Internal Affairs and Communications as part of its research and development project for the expansion of radio spectrum resources. The development was also a major endeavor of the Wireless Gigabit (WiGig) Alliance, where Panasonic sits as a board member.

The Wireless Gigabit Alliance, composed of technology leaders in the personal computer, electronics, semiconductor, and mobile phone industries, is the main driver of developing faster wireless connectivity that will be the next evolution of WiFi used for communications, computing and entertainment.

It will take a little more time before a high-end smart phone sporting the new 60 GHz chip from Panasonic will be introduced into the market. The company is still working on the product design and architecture that will draw in less than 1W of power. But when it does emerge, expect people to go gaga over their mobile phones, downloading high-definition video in 1080p directly to their mobile devices in mere seconds. [A-P](#)

### FURTHER READING:

- JCN Network [www.japancorp.net](http://www.japancorp.net)
- Business Wire [www.businesswire.com](http://www.businesswire.com)
- Wireless Federation [www.wirelessfederation.com](http://www.wirelessfederation.com)

### COMPANIES MENTIONED IN THIS ARTICLE:

- Panasonic [www.panasonic.net](http://www.panasonic.net)
- Wireless Gigabit Alliance [www.wirelessgigabitalliance.org](http://www.wirelessgigabitalliance.org)

## Will Humanoids Conquer Asia First?

BY OLIVIER PLAETEVOET

**E**ven though a robot should not have all the same traits as human beings, human-like robots offer many advantages.

The most important is that robots fit into our everyday surroundings. Despite the fact that there are tough challenges for roboticians, training a robot to walk up a staircase, maintain balance and grab objects safely are essential steps to welcome robots into our human-centered environment. Another advantage of human-like robots is that they look more familiar to us, and having some kind of reference is helpful when dealing with the unknown. For instance, Sony's famous robotic-pet Aibo and other robotic dogs like Genibo or i-Cybie were designed as dogs with the firm intention of evoking playful emotions in the owners' minds, and therefore enabling entertaining activities. Human-like robots call forth a broader range of emotions in the people they interact with. Therefore, people might put more trust in a humanoid to execute some tasks than on any other form of robot.

Thus, humanoid robots are being developed because we want to release them into the human environment and have easier interactions with them. Also, a robot that is easily distinguished from other people will be much better accepted according to the theory of the "Uncanny Valley. Because of the difficulties encountered while elaborating new techniques (e.g. biped walking), humanoid robot science is very young. Therefore, to find out what has been realized in Asia during the last decade, we can describe the humanoid robots classified by country.

The first country analyzed is, of course, Japan. The second one will be South Korea, because of this country's future prospects thanks to measures directed by the government.

### Japan

Japan is famous as the worldwide leader in robotics. Indeed, the country relies heavily on robots for its industry. In 2009, Japan was home to half of the world's 800,000 industrial robots. But Japan has also been at the top in private service robots since the 1990's.

The reason for this leadership is the country's low birthrate and aging population. Now that the ministry of health and welfare estimates that the country will need 50,000 more health-care workers per year in the near future, an even more radical change is occurring, from the production of industrial robots to the production of personal service robots.

Another factor that pushed Japan ahead is the love Japanese people feel for robots. In contrast with many Western cultures, where



robots are perceived as dangerous and conquering machines that will cause humanity to be enslaved, Japanese people grew up with the friendly Astro Boy and have faith in friendly robots.

### Honda

ASIMO is certainly the most advanced humanoid robot at this time. Created by Honda on October 31st, 2000, it put the company a huge step ahead of its competitors. In 1986, ASIMO's ancestor called Eo was first developed. The robot consisted of only two legs which walked at the slow speed of five seconds per step. After Eo and thanks to research on the human walk, the series of E1, E2 and E3 were developed between 1987 and 1991 to achieve the walking speed of 3km/h, the same as average human beings. Two more years were required to deal with faster speeds, steps and uneven ground. E6 is thus the last ancestor of ASIMO that did not have a human-like appearance but just two legs. The improvement in walking style, speed and balance between Eo and E6 is impressive and was realized in less than a decade.

The next stage in ASIMO's evolution was to create a real humanoid. This was done in the period 1993-1997 with models P1, P2 and P3. In addition to the robot's improvement in various tasks and its ability to execute realistic movements, the major change was the reduction in scale. P1 and P2 were almost 2 meters high and weighed almost 200kg, whereas P3 was reduced to near human dimensions of 1.6 meters and a weight of 130 kg.

Finally, at the end of the year 2000, ASIMO was presented. Named using the initial letter of "Advance Step in Innovation Mobility," ASIMO had advanced walking skills such as high stability, speed and smoothness in movements. Other walking ameliorations have been implemented such as slip prevention, high speed running (up to 6km/h) and coordination of the whole body. Sensors have been added on the little humanoid to make it aware of its environment. Therefore, ASIMO is able to identify the shorter path to its destination, find obstacles on its way and avoid them - all of this autonomous

ly - which is a valuable quality in Honda's mobility technology.

ASIMO's design was also greatly improved in comparison to the P3 version. Its friendly appearance is in accordance with Honda's goal of creating a robot that helps people. Its height matches that of a sitting person (1.3m), allowing ASIMO to receive orders without being threatening towards its sitting interlocutor. Its shape is also more human-like than previous versions, but it is obvious that its developers did not attempt to create a fully human-like robot and hence resisted falling into the Uncanny Valley.

Intelligence technology was later added to ASIMO. Despite being still far away from a fully-autonomous robot, ASIMO can recognize people and gestures, allowing him to shake your hand when offered a handshake. Combining environment intelligence technology with its walking abilities, ASIMO became more autonomous. Also, the intelligent robot can answer your questions with a quick search on the Internet.

Another of ASIMO's skills is its ability to handle objects. Although less stunning than watching him walk, it is critical to the robot's function. Taking a tray when someone gives it, carrying it and putting it on a table, have all been accomplished easily by ASIMO. For heavier objects (up to 10kg), ASIMO needs to use its cart.

All these elements position ASIMO as the most advanced humanoid in the world, according to Honda. The robot still requires much development in artificial intelligence to become fully autonomous. However, the improvements made by the development team in the field of walking behavior and balance are remarkable.

Also, some parts of the technology are used in other products such as the futuristic-looking Personal Mobility Device UX-3 by Honda or the Walking Assist Device for elderly people or people with weakened leg muscles. This small notice concerning the benefit engendered by the spillovers of robotic research closes this long description rightfully due to this amazing robot and takes us to consider other Japanese organizations producing robots.

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## Success Story of KakaoTalk, the Korean Twitter

BY SUN BANG

**T**he Korean technology industry was perceived as an imitator a decade ago, but it has recently moved firmly into the realm of industry leadership as an Internet-enabled innovator. Samsung dominates the global market in memory chips and flat-screen televisions, while LG is the world's top producer of air conditioners.

Also, the two companies' recent reputations for creative applications of emerging technologies have surged on the heels of such technologies as their 3D display panels and smart phones.

With the emerging smart phone industry and its growth op-

portunities in the highly advanced IT market in Korea, KakaoTalk, a social network service-based mobile application developed in Korea, is currently spreading fast among Korean smart phone users. The application is gaining popularity over traditional mobile communication methods by allowing members to send messages and photos to one another for free. It is now creaking under the weight of its phenomenal success with new carrier strategies and business models.

KakaoTalk is rapidly replacing text messaging and email services for Koreans and currently has about 10 million users, including 1 million outside of Korea. The company plans to open the service in a few Asian territories and the US this year, gearing up to face tough competition from many other messaging services in America like Facebook and Twitter. KakaoTalk has been Korea's biggest app success story and it has been inspiring other Korean app developers and start-ups. The compelling and different systems that KakaoTalk is exclusively offering, including photo and video sharing and group chat, is anticipated to capture more non-Korean users by the end of this year. [A-P](#)





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## Korea's Winter Wonderland Overjoyed at Prospect of Hosting 2018 Olympics

BY DONALD KIRK

**T**he crowds watching the news at twenty minutes after midnight in the heart of South Korea's "snow country" exploded in cheers and tears like a fizzy blast of champagne bursting from a freshly uncorked bottle.

"I had to cry when I heard," said Koh Seung-hee in the lobby of a luxury hotel in South Korea's winter wonderland. "We have been waiting so long."

All the waiting reached a crescendo very early in the morning of July 7 when the president of the International Olympic Com-

mittee, Jacques Rogge, after the vote by the IOC in Durban, South Africa, held up a paper with the single word, "Pyeongchang."

The partying extended from the base of the long-jump slope in Pyeongchang's Alpensia resort to the town square in the center of the district of hills and valleys about three hours east of Seoul. The sense of quick relief from all the built-up tension mingled

with the wild anticipation of Korea finally hosting the Winter Olympics nearly seven years from now after having lost out on two previous bids.

"All people in Korea want to hold the winter Olympics in Korea," said Chang Ju-ree, who runs a small hotel with her husband, Kim Yong-tae, a short drive from the Alpensia resort, past verdant golf courses and ski slopes. More than national pride infuses the 46,000 or so people in the towns and villages nestled in the hills here as they anticipate a steady rise in business during the run-up to the Olympics. "Everyone is so very glad," said Chang. "This can be a good opportunity. We are going to open a restaurant on the first floor of our hotel. We want to offer rental of skis and snow boards – and maybe karaoke."

Husband Kim Yong-tae sees the Winter Olympics as reversing setbacks in the past few years which have occurred amid economic hard times and concerns that maybe the games would never come here. "Development has been slowing down," he said. "Now it should grow more and more. I expect big business from this year." The name of the hotel, he and his wife point out, is Green and Blue, green for the surrounding countryside, blue for the sea, another twenty miles or so to the east where the plan is to build six ice rinks in the port city of Gangneung for the Olympic ice sports – figure skating, hockey and curling.

Just maybe, Kim observed happily, the prospect of an Olympic bonanza will lure one of the big foreign hotel chains into a joint venture with his establishment, funding expansion as a sure investment in a region that yearns for recognition as a major destination for winter sports enthusiasts from Asia as well as the U.S. and Europe.

That kind of incentive on a micro level permeates the dreams of Korea's leaders, politicians and businesspeople for turning the 2018 Winter Olympics into the basis for several billion dollars worth of investment in a region where some of the Korean War's bloodiest battles were fought some 60 years ago. Among the costliest schemes will be construction of a high-speed railroad, piercing the mountains with long tunnels, and linking the capital to the east coast in an engineering feat that should reduce the time it takes to get to Pyeongchang from Seoul to less than an hour. That's all in the vision of South Korea's President Lee Myung-bak, the conservative who rose to power from his corporate origins as the spear-carrying chairman of Hyundai Engineering and Construction Co., the original "mother company" of the Hyundai empire.

President Lee, his popularity dwindling amid upwards of 20 percent unemployment among Korea's restive youth in the 20-to-30-year-old age bracket, personally ordered the full-scale offensive. He clearly believed he needed to wrest the winter games into Korea's possession after failures in the last two attempts, first when Vancouver got it for the 2010 games and then in a near-miss to the Russian Black Sea city of Sochi, host of the 2014 games. In that spirit Lee led a delegation of several hundred aides and businesspeople to Durban, all of them delegated to buttonholing specific contacts, talking them into the need to bring the Winter Olympics to "new horizons." That phrase is now the slogan for the games, which will be the first Winter Olympics ever held in any Asian

country besides Japan, which hosted them in Sapporo in 1972 and in Nagano, in the Japanese Alps, in 1998.

A stern taskmaster, Lee smiled publicly while driving his aides to distraction in the final days, hours and minutes before the voting by most of the 106 members of the International Olympics Committee. He was hardest on himself, rehearsing again and again for his final plea in Durban. "There should be no mistake until the end," he was quoted by Yonhap, the South Korean news agency, as telling aides. "Sincerity moves heaven. Let's move heaven."

One sure vote was that of Samsung chairman Lee Kun-hee, South Korea's wealthiest man. As a member of the IOC, Chairman Lee was frequently seen at President Lee's side. His influence is assumed to have won widespread support among representatives of companies with which Samsung, by far Korea's biggest conglomerate, or chaebol, does business. In the end, of course, the Korean machine did so remarkably well that the final tally was basically no contest. Pyeongchang got 63 votes against 25 for Munich, seen until the final days as almost an even contender, while Annecy in France, never really viewed as a threat, won only 7.

The third time was a charm, it seemed, for a district that's emerged over the past generation as a serious destination for winter sports lovers. For the people of Pyeongchang, the joy of success in competition with bids from two of winter sports' primary destinations, Germany and France, was proof of their own importance in a society driven to prove it's up there with the big powers of western Europe and Asia. Now people are talking about all they will do to prepare for the influx of visitors before the games begin nearly seven years hence. "We will welcome foreigners like members of our family," said one woman. "We will make Pyeongchang a city of which we can be proud."

Just what kind of welcome foreigners will really get, of course, is not clear. An American schoolteacher from Kansas, whom I met in a coffee shop the morning after the great victory celebrations, said she rarely communicates with anyone outside the two schools where she's been teaching for the past year. She does ski, she told me, but chooses to spend winter weekends among the bright lights of Seoul, a three-hour bus ride to the west, rather than take to the nearby slopes, where she's never ventured. Next year, she adds, she's looking forward to teaching in

**Continued from Page 41**

that revolves around the Internet is raising stronger anxieties for many individuals today. Nearly 40 million people's accounts are registered for online access, compared to just 6.4 million in 2000, according to latest figures from the British Bankers' Association. Internet users in Malaysia have been warned not to reveal their bank account or telephone numbers on social networking websites as they could end up being the victims of hackers. Using the Internet has moved from a stage of risky to dangerous with such data hacking incidences. This urges us to ponder whether the motivation is intelligence, cyberwar, extortion, business disruption, or simply for the sake of fun. In any case, attackers are certainly having an upper hand.

**For the people of Pyeongchang, the joy of success in competition with bids from two of winter sports' primary destinations, Germany and France, was proof of their own importance in a society driven to prove it's up there with the big powers of western Europe and Asia.**

a much larger city where "at least there's something to do."

For Pyeongchang, the most intimidating visitors are likely to be not so much the foreigners as the thousands of officials, businesspeople, and entrepreneurs. They've been descending on the area for years, building venues and accommodations to the point at which Pyeongchang could successfully compete against Germany's Munich and Annecy in France. Now they'll be coming in still larger numbers as construction of facilities for athletes and visitors begins to surge in a frenzy of nationalist and cultural pride.

For a country that's constantly comparing itself with long established global powers in a game of rankings, whether it comes to gross domestic product or exports or academic achievement, the selection of Pyeongchang was an ultimate accolade. The final test of success, however, will be whether Pyeongchang can emerge as a major winter sports destination not just for Koreans but for foreigners, who rarely make it their first choice over just about anywhere else from North America to Europe.

Kim Yeon-ho, owner of a construction company, asked foreigners, "Please give us your support," as Pyeongchang began to prepare for its place in Olympic history. In the end, the emotional drive, the national desire to prove Korea's standing as a global power, made the difference. "We're so happy. We've been preparing for this for ten years," said Cho Yang-ho, talking on Korean TV networks in Durban. "The biggest factor is each and every citizen gave us support, so I didn't feel it was so difficult. I never felt pessimis-

tic about anything." Soh Min-kyung, who runs a restaurant, spoke of how sad it would have been to lose the bid. "It would be bad for Korea, bad for Koreans," she said. "This is a great thing. All Koreans are extremely happy."

If Koreans can unite in pride over the choice of Pyeongchang, however, they're still too deeply divided as to imagine that the 2018 Winter Olympics will have much to do with covering the fissures in Korean society. President Lee faces rising discontent over policies that favor the chaebol while the opposition Democratic Party exploits such issues as student protests against tuition and the intractable problem of unemployment among young people in the run-up to the next presidential election in December 2012. Lee, under Korea's "Democracy Constitution," in force since massive protests shook the regime in June 1987, cannot run for a second five-year term but would love another conservative to pick up the baton. The leader of the Democratic Party may not have real answers for unemployment, but is sure to demand resumption of talks with North Korea, which do not appear likely until Lee steps down in early 2013.

For now, however, that kind of politicking appears distant if not irrelevant in the outburst of unadulterated joy over getting the 2018 Winter Games. The responses among Koreans were universal: "A dream come true," "I'm so happy," were on everyone's lips – other than, "I'm speechless," the words of those to whom "a dream" hardly seemed strong enough to convey the emotions of the moment. **A-P**

With data security crimes burgeoning, every country is planning to protect their users by adopting certain measures with the aim of improving cyber security. For instance, the Economy, Trade and Industry Ministry in Japan is said to be planning to establish a network of domestic firms and organizations to share information about attacks on their online computer systems.

Under such circumstances, the online security landscape has been witnessing a continuous change. The Internet is filled with viruses, spyware, hackers, rootkits, and identity thieves. A new security danger emerges every day. Users are warned to stay a step ahead of security threats with a reliable and safe Internet security suite. Traditionally, this involved getting an anti-virus program, an anti-spyware program, and a

firewall together, yet today's Internet security suites encompass much more as technology itself is helping hackers to penetrate and attack no matter what kind of security is put in place.

"There absolutely needs to be a movement to object-centered security," said Prem Iyer, director of the information security practice at Iron Bow Technologies, a proven leader in providing intelligent, full-lifecycle technology solutions for government and industry.

"Even if I lose data from my own control, I still need to be in the position of implementing policies on that data and to ensure that it's not being viewed by anyone that doesn't have a need to know," he added.

However, a proactive method to trace and track the source of the threats is yet to be identified. **A-P**



# Cho Chung Yeon of City Evening Daily

BY STAFF REPORTER

Free newspaper in Korea may have a short history, but according to the recent report 2010 Newspaper Advertisement Readership Score published by Korea Press Foundation, free newspaper in Korea has one of the highest editorial readership scores and advertisement attention rates compared to other papers, including national dailies and finance newspapers in Korea. Cho Chung Yeon, president of City Evening Daily, was one of the key actors who established this free newspaper industry in Korea. With his experience working at the Korean Association of Newspapers, he established Metro, Korea's first free newspaper, and worked as the first president of the company. Years later he became the executive director at Focus, which is also a free newspaper in Korea. Cho currently operates City Evening Daily, a free evening newspaper company and teaches at Jeju National University Law School as an adjunct professor.

Here are some excerpts from the interview with Cho.

## Congratulation on taking over City Evening Daily as president. How do you feel?

Frankly speaking, the position as president hasn't really sunk in yet. At this point, I hope I could manage the company and follow the cases of STX and Fila. These two companies are perfect examples where professional managers took over the company from the owner effectively. As president, a successful takeover is my current aspiration.

## Can you tell us about the brief history of City Evening Daily, when it was founded and what may be the main objective of City Evening Daily?

City Evening Daily is Korea's first free comprehensive evening newspaper. The corporation was established in January 2007 and its first issue was published on May 2, 2007. In Korea, there are a total of six free newspapers and five of them publish morning papers. So I thought by targeting the empty evening newspaper market, our company could offer more news to the 10 million commuting Seoul Cityzens faster than our competitors.

## Before you joined City Evening Daily, I heard you also played an important role in setting up other free newspapers including Metro and Focus. Can you tell me more about these newspapers and your experience?

Korea's free newspapers can be traced back to Metro. Before Metro, there were free papers that provided information filled with classified advertisement and community news, but there were no free newspapers that had a format of the current daily newspapers. Metro was the first to have this kind of format.

My first job was at the Korean Association of Newspapers. While working four years at Korea Association of Newspapers, I witnessed the

problems of the Korean newspaper industry and its lack of insight in reading the changes of the readers and advertisers. This experience was the reason I established Metro in July 2001. After attracting investors, the first edition of Metro was published on May 31, 2002, and on July 16, 2003 I founded Focus. Soon after, City Evening Daily was published on May 2, 2007.

## What are your future plans for City Evening Daily as president?

The global newspaper market is on the stage of decline, except in China and India, but mostly in advanced countries. If I only thought about the intrinsic business domain of City Evening Daily, I would not have taken over the company in a time where news consumption and production is changing so rapidly due to advanced media technology. But I am not saying I will be expanding the business sphere thoughtlessly to online and mobile media. I just don't think the profitability of mobile and online media is tested enough at this point. So, for the time being, I am planning to focus on M&A opportunities and added value business City Evening Daily can provide.

## Free newspaper is a very recent phenomenon in Korea. How do you see the future of this media?

Unlike existing national dailies, the readers of free newspapers are in their 20s and 30s, and these are the main targets the advertisers favor. Also, many advertisers still consider free newspapers the most cost effective media. For these reasons, I believe the free newspaper will continue to strive. However, the rapid advancement of online media and mobile media based on SNS imply that from now on media has to focus more on the effective execution of advertisement, meaning the free newspaper industry has to make a lot of effort in order to provide various products for advertisers.

## In Korea, online media is spreading very quickly. In this situation, do you think offline media such as your newspaper has any future?

In Korea, to establish an online media company is like finding a part-time job in America. It is that easy. Online media companies that have credibility are ones that have massive amount of funds and accumulated experience, mostly media companies that have long existed. Without investment, making an online media company has no meaning. This is the reason why free newspapers do not have much interest in making an online

newspaper. But I think this has to change now. Even though it may not be a newspaper exclusively for online purposes, just as the offline newspaper had its base on paper, if free newspaper companies want to make profit by entering the Internet business, they have to actively utilize the Internet in order to create various advertisement products.

## How is City Evening Daily different from other newspapers in Korea? What is your philosophy?

The distinction between City Evening Daily and other free newspapers is clear. It is the fast news delivery and differentiated services. This is also my philosophy.

## In Korea, usually media companies are headed by old people. You have achieved this position at a very young age. What is your secret to your success? What motivated you to work so hard?

Operators of online media companies are very young, but traditional offline newspaper companies have many restrictions for young people to be on the executive level. When I founded Metro, I was only 29. Now thinking of it, time really flies. I am not sure achieving the position as president at a young age means success, but behind these

achievements I always had the habit of thinking continuously and making efforts not to repeat my failures.

## Apart from running City Evening Daily, do you have any business plans in the future?

I am thinking about operating a consulting business and C to C commerce sector business. The consulting business I have in mind is to provide help in funding, legal assistance, tax assistance, management and marketing for those who have the ideas and technology but no funding and operational experience. I was in that situation ten years ago.

The C to C business was something I wanted to do since I took over the newspaper five years ago. Currently, I am planning a type of business that has a format of a combination of eBay and Facebook. The product is expected to be out in the market around next March.

## Lastly, do you have a message for our young readers who would like to achieve success like yourself?

When you are facing a difficult problem or obstacles try to overcome it by yourself. It is natural to make mistakes and experience failures, but it is important to learn



something out of them. Try not to repeat the same mistakes over and over again by going through numerous trials and errors. A-P



## Continued from Page 45

### Toyota

Honda's biggest competitor in robotics is Toyota, the other major Japanese car manufacturer. Car companies' enthusiasm toward robotics (General Motor also contributes to a project with NASA for astronaut robots) can be explained by the spillovers it generates for its main business (e.g. obstacle detection sensors, orientations). The fact that the car industry has used industrial robots for decades to improve their production lines makes them more conscious that robots have a positive role in our society.

Toyota's humanoids take a variety of functions, ranging from music players to running robots to customer assistants. First up is the amazing trumpeter nicknamed Harry. Equipped with agile fingers and talented in music interpretation (arm gestures and foot movements according to the rhythm), the 1.2 meter and 35 kg Harry is the perfect entertainer in your living room. If you prefer violin, another Toyota performer can impress you, and although its performance is not as staggering as Harry's, we hope it to be more realistic in the future.

As with Honda's focus on robot mobility, Toyota also concentrated on balance and steps. Its bipedal robot is capable of controlling its balance by changing its foot locations when pushed (gently!). While running, he can reach a maximum speed of 7km/h which is 1km/h faster than ASIMO.

Finally, customer service robot Robina takes care of customers on her own. She is the tour guide in some of Toyota's buildings. Her sensors help her avoid people and she can create maps when visiting new locations. During a conversation, her face turns to the person who is talking to her and in addition to her 20,000 word vocabulary, Robina can also write. All of this, without being controlled by any external operator, makes this robot very operational.

Toyota's objective is to transform these entertainment robots into household ap-

pliances and deploy them in hospitals. As with Honda, spillovers can be mentioned. It includes a mountable chair that can be used in elderly care, allowing people to be transported wherever they want. Toyota also envisions sending its robots to the moon by the year 2020.

### Sony

The creators of the world-famous Aibo (a little dog-robot introduced in 1999 that gained a phenomenal success and participated in every RoboCups until 2008) also developed a humanoid named QRIO. QRIO (for Quest for cuRIOsity) is much smaller than Honda's and Toyota's models, standing at a 0.6 meter and weighting 7.3 kg. His group dancing, roller-skating and ball throwing abilities are nevertheless remarkable. Unfortunately, Sony decided to cancel the QRIO project in 2006 at the same time as stopping production of the Aibo.

### Fujitsu

Continuing with relatively small humanoid robots, Fujitsu also developed its own series. The HOAP-3 is 60cm for 8.8kg and has been configured by the Learning Algorithms and Systems Laboratory of Ecole Polytechnique Federale de Lausanne to execute fun tasks such as playing Pong or drawing portraits. Most HOAPs are now used only in labs throughout the world because of their high price.

### Universities' labs

Robots developed by universities are naturally much more research-oriented. The University of Tokyo's JSK Robotics Laboratory designed Kojiro. The goal was to build a light and flexible robot with a similar arrangement of skeleton (with a flexible spine), muscles and tendons as human beings. Because the robot's shape is not easy to control, an ingenious system of learning by small iterative moves has also been developed.

Osaka University created two infant ro-

bots, Pneuborn-7II and Pneuborn-13, with similar musculoskeletal structures. The aim is to study these kinds of structures with regard to crawling and walking behaviors. Pneumatic muscles made of soft material are being used to prevent damage or overheating while in friction with the environment. Adult-size robots have also been developed. In cooperation with the Osaka Institute of Technology, Osaka University designed JoiTech with the aim of playing soccer. Although its capabilities are very limited for now, its creators hope that the robot will compete against athletes in the future.

Waseda University's Twendy-One is less experimental and much more adapted to the need of hospital patients. The caretaker can help the patient to get up out of bed and sit on a wheelchair. The robot is also capable of basic household tasks such as helping with the breakfast and carrying it on a tray. The astonishing dexterity of his hand allows him to put a straw into a glass.

### Yaskawa Electric Corporation

Also dealing with household care is the transformation of the Motoman industrial robot into a home cooker. The robot can take verbal orders and cook a variety of Japanese meals. Other industrial robots of the company have been developed to help elderly during shopping.

Japan is definitely the country that is best prepared to see humanoids walking in its streets. The vast number of organizations (many more than the ones cited here above) and the know-how they already acquired place the country as number one in the robotics field in Asia and in the world. The leaders at the tops of these organizations clearly understand the importance of robots in our future societies and deploy the resources needed to innovate. Finally, the good relations between companies and universities allow innovation to be integrated very quickly from the experimental stage into the final humanoid model. A-P

# Google+ Gives the Rare Gift of Internet Privacy to Social Networking

BY MATTHEW WEIGAND

**Google Plus, or Google+, is the new social networking offering from Google.**



**If you add someone to your Google+ contact list, and put them in a circle, and they are not a member of Google+ themselves, you can still communicate with them without any problem.**

This is the third time that Google has tried to get into the social networking sphere, and this time they may have gotten things exactly right. Google+ is not quite Twitter, but it does have some Twitter-like features. Google+ is not quite Facebook, but likewise has some Facebook-like features. It is not quite a newsletter program, but has some components of one as well. And it has something that neither of those social networking giants have – extensive and easily-customizable privacy settings. For the segment of the online population that has always been reluctant to get into social networking due to a vague sense of unease about privacy, Google+ is probably going to satisfy them completely.

This is because Google+ is all about privacy. As a social networking platform, you add contacts to your contact list by name and email address. Then, Google+ prompts you to add these contacts to Circles.

Google+'s Circles are the key to privacy online, and they are there to ease to everyone's worries. Default circles include Friends, family, and Acquaintances, but you can quickly add your own. One popular circle is Coworkers, and another is Online Friends. Sometimes you have a funny picture of a cat that you want to share, but you know that while your online buddies would probably love to see it, your boss might not appreciate the humor involved. You simply post the picture to your Google+ stream, and select the Online Friends circle. Then, only people who are in that circle will see the hilarious cat photo.

But things get much more interesting than that. Google+ can and does function similarly to Twitter. If you feel like sharing a short message with the whole world, just like on Twitter, you can post it publicly. Then, anybody who cares to look at your profile, or who has you in one of their Circles, will get the message. An advantage that Google+ has over Twitter in this case is that the messages can be longer than the 140 characters allowed there, which means you don't have to mangle the English language to get your point across.

If you only want to share a message with a select group of people, you can choose only your Coworkers circle or your Business Contacts circle to share things with. So when you want to talk about your latest insights into better TPS reports, you can share that with only the circles who care. And when you want to share hilarious cat photos with your family, just post it to the Family circle, and your boss at work will not be annoyed with your attempt at humor, since he is in the Boss circle. This particular functionality in Twitter would have saved Anthony Weiner's political career. He could have posted his public musings on Rex Ryan's plans for Medicare to the Constituents circle, and he could have posted pictures of his ripped pecs to his Hot-

ties circle, and there would never have been any scandal. For him, it's a pity Google+ didn't come out last month.

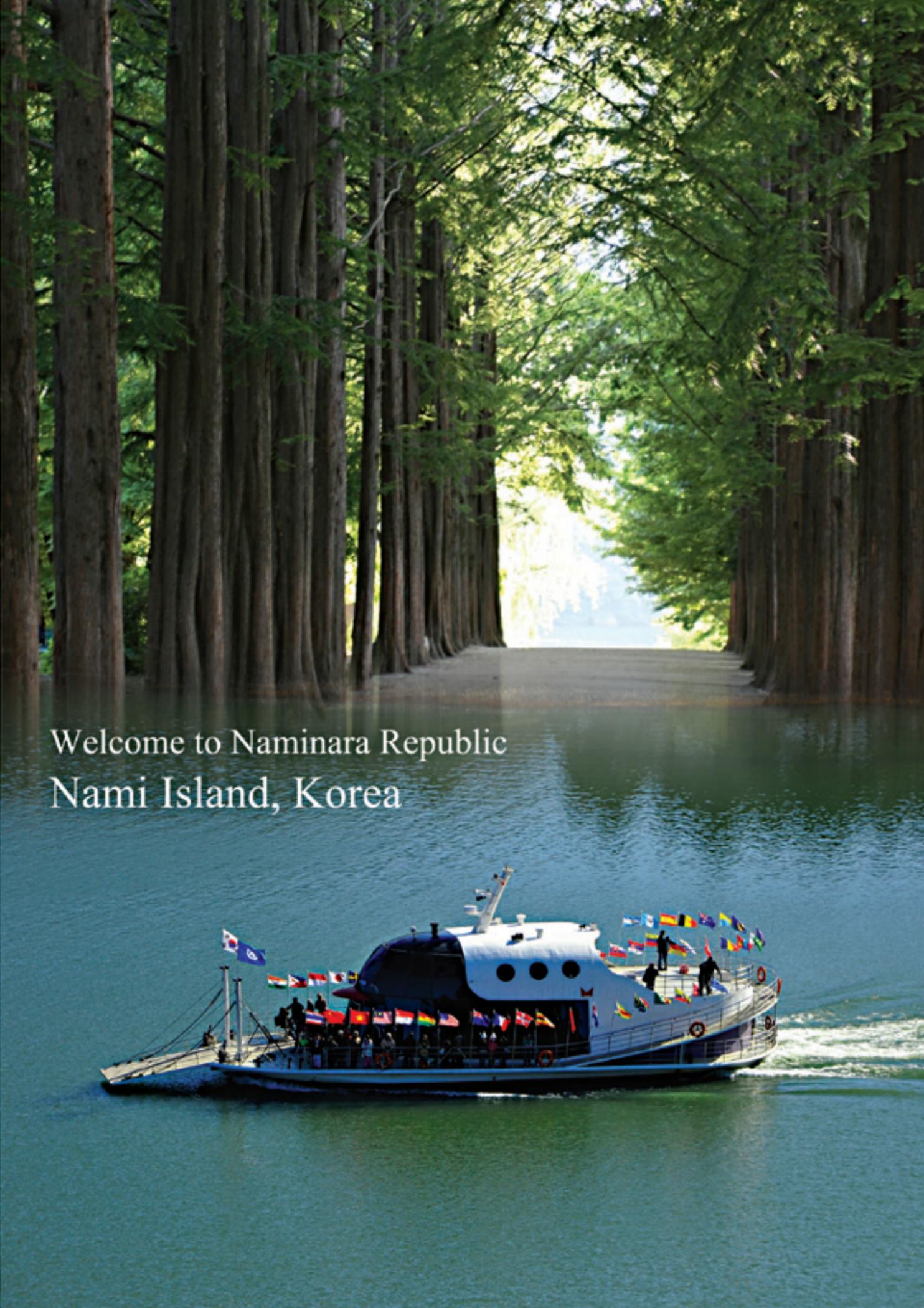
Like Facebook, Google+ also lets you upload and show photos on your profile. However, unlike Facebook, any photo that you upload to Google+ can only be seen by you until you share it with certain Circles. This default privacy functionality goes quite well with Google+'s mobile application, which has the option to let you automatically upload every photo that you take with your phone. So you have automatic backups for all the photos you take, and they are available online for anything you'd like to do, but not everyone has to see them. You can show wedding photos to your Family circle, photos of your coworkers slacking off to your Boss circle, and never the twain shall meet.

One important difference between Google+ and Facebook is the absence of a Wall. This is likely part of the emphasis on privacy that Google+ obsesses about, because

having other people post random messages to your wall that anyone else can then see could create some embarrassing situations that it would be better to avoid. Just another privacy-related tweak that puts Google+ ahead of the other social networking options available today.

But one unique feature that no other social network offers really shows off the power of Google+. If you add someone to your Google+ contact list, and put them in a circle, and they are not a member of Google+ themselves, you can still communicate with them without any problem. When you post a message or share some photos with the Circle they are in, Google+ asks you if you would like to email the people who are not yet part of Google+. Therefore, you can still send those wedding photos to your grandparents even though they are not hip to the latest computer-related shenanigans that you get up to. Most grandparents are email literate, if not social networking literate, so it should be a breeze for you to stay in touch with them, now more than ever. Also, you can take that stack of ten thousand business cards lying in a box in the corner, enter them into Google+, and use it as a sleek business contact mailing list. Email messages sent with Google+ have both a link to join Google+ and an unsubscribe link at the bottom, so you would not even be bothering people unnecessarily.

Google+ combines existing online communication products together in the cleanest, most easily-usable interface yet seen online. Communication using Google+ is safe, private, and far-reaching. Even though the system is in beta now, and signups are hard to come by, it is already showing itself to be the next-generation social network backed up by the largest and most customer-oriented online company today. This reporter is definitely going to be using it for the foreseeable future, and I hope to see you in one of my circles soon! A-P



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