

NEWS WRAP

AGD

IN 1999, THE UNION government of India removed government's control on the telecom market, and gave private players the chance to compete on an equal footing. Costs of firms decreased, and innovations and low cost services followed. From fewer than six million in 2001, mobile subscribers have reached 850 million today. Sale of second generation or 2G mobile spectrum on a first-come, first-served basis at below market rates, instead of the open auction which many in government favoured, has caused a scandal, landing businessmen and politicians in prison. A frenzy over corruption has gripped India. A new draft telecom policy has been unveiled recently. The new policy would increase the market's price discovery of spectrum in a number of ways, including by allowing private players to share and trade frequencies, among each other. There are plans to increase available spectrum for next generation technologies. Existing rules that manage operations reduce the benefits. New operators are prevented from selling their licenses or merging with others, in the first three years of getting a license. The new telecom policy fails to address the regulatory and tax uncertainty faced by foreign investors. While spectrum continues to be a scarce natural resource, profit margins are being squeezed without market consolidation. Investments in telecoms are declining.

ELITE CAR RACING

While a high level of poverty afflicts the streets of New Delhi, India is the fifth New Formula One venue in four years, after Singapore and Valencia (Spain) in 2008, Abu Dhabi in 2009, and South Korea in 2010. India has become sharply involved in the series, with sponsorships, and even team ownership. Several teams possess Indian sponsors, including Ferrari, Sauber, Red Bull and Virgin. The first Indian Grand Prix took place at end Oct 2011, at a new purpose built, Buddh International Circuit, in Greater Noida, 50 km from New Delhi. The race track has been built at a cost of 400 million.

COST OF THAI FLOODS

Thailand has experienced its worst flooding in fifty years, claiming hundreds of lives. Severe flooding has hit production, disrupting global supply chains, just before the busy end-of-year season. Rising flood levels have forced tens of thousands to flee Bangkok, which accounts for 40% of Thailand's economic output. Technology groups like Acer and Samsung have warned that computer prices are set to rise, as the worst floods have hit production, and manufacturers would pass higher costs to consumers. Prices of computer hard disk drives, key components, have risen up to 20%, since the floods began. Other industries, like Toyota, Honda and Nikon, have also been hit, and have all reported disruption in their operations. Sony is delaying the launch of some of its new cameras, owing to damage to production sites. Sales of personal computers would be 10% lower than the previous three months because of the floods. The whole PC industry faces components supply shortages. Roughly a quarter of global hard-drive

assembly facilities are located in Thailand. A host of smaller component suppliers are also clustered in nearby industrial parks.

TUNISIA ASSEMBLY

Elections for a constitutional assembly in October 2011, in Tunisia have concluded with the Ennahda, a moderate Islamist political party, victorious. Held ten months after the ouster of president Zine el-Abidine Ben Ali, the vote in Tunisia was the first election in any of the Arab Spring countries, held to form an assembly, that will govern while it writes a constitution. The Ennahda party champions a greater commitment to the principles of western style liberal democracy, than any other Islamist party in the region. □□□