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Commerce and Trade:

I. Things you need to know about the Volkswagen scandal

Volkswagen, the world's biggest automaker, is in crisis over its rigging of diesel engine emissions tests in America and Europe. If you're just catching up to it, here are the latest developments -- and what you need to know.

- 1) Volkswagen is preparing a fix to "correct the emissions characteristics" of as many as 11 million diesel vehicles worldwide in the coming weeks and months. It will present technical details to appropriate authorities in October.
- 2) German prosecutors are investigating former CEO Martin Winterkorn for possible fraud related to selling cars with falsified emissions data. Winterkorn has denied any wrongdoing but took responsibility for the scandal when he resigned last week. Matthias Mueller, the head of Porsche, was named as his successor.
- 3) The group was found to have falsified U.S. pollution tests on 500,000 diesel engine vehicles, by installing software ("defeat devices") to make them appear cleaner than they were when being tested. Once on the road, the cars would pump out as much as 40 times the allowed level of nitrogen oxides.



Das Auto.

- 4) The U.S. models affected include the VW Jetta, Beetle and Golf from 2009 through 2015, the Passat from 2014-2015 as well as the Audi A3, model years 2009-2015. About five million VW branded cars, including some Tiguan models, and 1.8 million light commercial

vehicles are affected worldwide. Other group brands such as Audi (2.1 million cars), Skoda (1.2 million cars) and Seat (700,000 cars) are also involved.

5) Volkswagen's scheme was discovered last year by a West Virginia laboratory that was commissioned by a clean energy advocacy group that had raised questions about emission levels in diesel vehicles. For more than a year, VW argued to U.S. officials that it was not doing anything wrong. Only recently did VW admit to them that it had installed "defeat devices" in the cars to get around emissions standards.

6) The company has been ordered to recall the 500,000 cars in the U.S., and it has suspended sales. U.S. regulators say the cars are safe to drive and recommend, for now, that owners do nothing differently. But eventually the cars will need to be repaired so they can pass emissions test without cheating.

7) Western Europe is the most important market for Volkswagen -- around one in four new cars is made by the group. Authorities in the European Union have urged national governments to conduct investigations.

8) Volkswagen is facing heavy fines. It has already set aside 6.5 billion euros (\$7.3 billion) to cover recalls and other costs. But the bill is likely to rise. U.S. authorities could in theory impose up to \$18 billion penalties for breaching the emission limits. Germany could also slap Volkswagen with fines, and owners, dealers and investors will want compensation.

9) Volkswagen has promised to work with German prosecutors on a criminal investigation. Employees held responsible could be prosecuted for fraud. If convicted, they face big individual fines and could be sentenced to a maximum of 10 years in prison.

10) About a third of the company's market value has been wiped out since the scandal broke. That means big losses for powerful shareholders such as the Porsche family, Qatar and the German state of Lower Saxony.

Credits: CNN.com

Link: <http://money.cnn.com/2015/09/28/news/companies/volkswagen-scandal-two-minutes/>

Must Read:

1. **Top Indian IT firms like TCS, Infosys, Wipro, Tech Mahindra form consortium to penetrate Chinese market**
<http://economictimes.indiatimes.com/tech/ites/top-indian-it-firms-like-tcs-infosys-wipro-tech-mahindra-form-consortium-to-penetrate-chinese-market/articleshow/49169010.cms>
2. **India gets 14% lower rainfall in June-September monsoon season**
<http://economictimes.indiatimes.com/news/economy/indicators/india-gets-14-lower-rainfall-in-june-september-monsoon-season/articleshow/49170549.cms>
3. **Google to provide wi-fi at 500 Indian railway stations**
<http://www.businesstoday.in/current/corporate/google-sundar-pichai-on-indian-railways-internet-wifi-connectivity/story/224167.html>

4. **How much did Volkswagen earn by cheating? Just 4.3 billion euros!**

<http://www.rediff.com/business/report/column-how-much-did-volkswagen-earn-by-cheating-just-43-billion-euros/20150930.htm>

5. **Reliance Jio's launch hits a roadblock**

<http://www.rediff.com/business/report/reliance-jios-launch-hits-a-roadblock/20150930.htm>

BRANDgyan:

II. Brand piracy: faking it can be good

Stuart Whitwell, joint managing director of Intangible Business, explains why counterfeiting can be good for a brand's image.

If, as the old expression goes, imitation is the sincerest form of flattery then the top brass at brands such as Louis Vuitton, Sony and Microsoft must be blushing like crazy. Approximately seven percent of world trade is in counterfeit goods, according to The International Chamber of Commerce and 40% of brands counterfeited are composed of a list of only 25 brands. That's \$350billion a year that could be funnelled through legitimate channels and into the hands of companies that invest in their development and promotion.

That counterfeiting is a criminal activity that can have tragic consequences is not in dispute. What is in dispute, however, is that counterfeiting is not always damaging to brands and can actually be leveraged to a brand's advantage. Counterfeiting can give brands access to new markets and be a benchmark of a brand's health. It can increase a brand's awareness such that when the economic climate of a country or an individual's improves, sales migrate from counterfeit to original. And it can also compel the authentic brand owner to protect, innovate and expand its products, services and markets to keep ahead of its imitators and squeeze out the competition.



The good, the bad and the ugly

There are three main channels to market; the good, the bad and the ugly. In the 'good' first channel, authentic goods through authentic channels, the brand owner is in full control of the distribution and pricing and supports the product with investment. This is the position most brand owners seek to maintain as brand equity can be controlled fully.

However, it is not a perfect world. With the increasing demand for higher margins and lower prices, brands have outsourced the manufacture of their goods to developing countries where labour and cost of production are much lower. 80% of seizures of counterfeit brands are traced back to Asia where they were manufactured and distributed. The 'bad' second channel, also known as the grey market, is partly fuelled by this production in countries like China and India. Authentic products find their way into non-authorized retail distribution outlets which are beyond the control of the brand owner. The retail outlet could be a street hawker, a backstreet shop or it could be a mainstream retailer. The third 'ugly' channel is also known as the black market, where unauthentic goods are sold through unauthorized channels. This can have disastrous consequences with products that are imbibed, such as cigarettes, pharmaceutical products or baby formula, with products such as machinery which cause automobile or aeroplane accidents, or with other products such as cosmetics and software. This is the dark side of counterfeiting. But ugly ducklings can turn into swans.

Piracy's benefits

There are a whole raft of brands for which both black and grey market counterfeiting is advantageous. We've all seen the fake Rolex watches, Burberry caps and Louis Vuitton bags. Contrary to popular belief this doesn't actually damage the brand equity but actually supports it. There is no cannibalisation as the people who generally buy these fake products are not in a position to buy the original - as soon as their economic condition changes they will run to the front of the queue to buy the original. Awareness of the brand rockets in markets in which the authentic product operates as more consumers have access to these products that would otherwise be out of their reach. This increased brand exposure helps drive sales of authentic products from those who can afford them.

Understanding of the product's values is also not diluted as the owner of the counterfeit products knows it is just that, a fake, and therefore does not expect the same performance from it. In fact, decisions to purchase the counterfeit products usually reaffirm the brand's values as the recipient buys the article to project the very image the brand is trying to portray through its advertising and promotion. This endorsement encourages loyalty, generates awareness and strengthens the brand's values with the owner of the fake as well as everyone with whom they come in contact.

Another reason brand piracy can help increase a brand's value is it is a good indicator of a brand's strength. Brands which are not faked are considered too weak to generate consumer demand and are consequently not produced. Consumers know this is the case so their decision to buy an original is, in part, derived from the popularity of their chosen brand in the grey channel.

If counterfeiting is damaging to brands, how come none of the most commonly counterfeited brands, such as Nike, Gucci, Adidas, Prada, Chanel or Burberry are suffering? Turnover at Nike, for example, has increased by 45% since 2001. Burberry has seen turnover increase by 68% over the same period with operating profit more than doubling. And Microsoft, which accounts for more incidents of IP theft than any other brand, has seen its turnover up by 57%. Figures like these defend the position that counterfeited brands are more likely to succeed.

Some brands do embrace the counterfeit market rather than seeing it as a threat. Giorgio Armani, on a recent trip to Shanghai, purchased a fake Armani watch for instead of the £710 his authentic watches retail for. He said "It was an identical copy of an Emporio Armani watch...it's flattering to be copied. If you are copied, you are doing the right thing." Although this was a publicity stunt it does highlight the fact that consumers of fake merchandise are polar opposites to consumers of the authentic and therefore pose no significant threat to the brand owner.

Counterfeiting in these circumstances therefore presents a significant opportunity for branded goods. One such example of an opportunity that was taken was with Spanish brandy Fundador in the Philippines. Counterfeit was rife of Fundador, it was an endemic way of life in virtually all Philippines's communities. Children would collect the labels and bottles of the original and sell them to counterfeit production plants who would refill the bottles with a counterfeit product to sell back to the Philippine communities. This eventually offered the brand owner the opportunity to convert them over to the genuine product by developing an extremely generous advertising promotion. Prizes such as Harley Davidsons and Pajero cars were offered on the bottles' labels which the counterfeiter's could not either compete with or copy because the offers were changed every six weeks. Sales of the genuine product quadrupled in three years with this strategy.

Counterfeiting can give brands access to new markets. For example, a Thai based manufacturer of branded tinned produce used to have a large presence in China. It pulled out a number of years ago and since then the Chinese competition have copied the brand and developed the market. There now remains a much larger market opportunity for the genuine, original brand to exploit by re-entering the market. Awareness has been maintained, penetration has increased and the competition has been closed off.

There are, of course, negatives to counterfeiting. But if the fake is distinguishable from the original then the genuine brand owner is presented with significant opportunities: increased awareness, access to new markets, closing off the competition and an affirmation of the brand's values. And if brand owners take hold of these opportunities and leverage counterfeiting to their advantage, then they will be blushing not just from the imitation but also from the congratulations from their achievements.

Source: intangiblebusiness.com

Must read:

- 1. ASCI rules against 100 ads that violated code in May 2015**
<http://www.campaignindia.in/Article/397634,asci-rules-against-100-ads-that-violated-code-in-may.aspx>
- 2. HDFC Bank retains top spot in BrandZ Top 50**
<http://www.campaignindia.in/Article/397409,hdfc-bank-retains-top-spot-in-brandz-top-50.aspx>
- 3. 40 million Indians are online every day: IMAI and BCG report**
http://www.afaqs.com/news/story/45763_40-million-Indians-are-online-every-day-IMAI-and-BCG-report

4. Nestle celebrates 100 years in India with new commercial
<http://www.thehindu.com/business/Industry/nestle-celebrates-100-years-in-india-with-new-commercial/article7674170.ece>
5. **adidas Originals ropes in Ranveer Singh as India brand ambassador**
<http://brandequity.economictimes.indiatimes.com/news/advertising/adidas-originals-ropes-in-ranveer-singh-as-india-brand-ambassador/49132372>
6. With new 'sexist' ad, Amul is in hot water on social media
<http://brandequity.economictimes.indiatimes.com/news/advertising/with-new-sexist-ad-amul-is-in-hot-water-on-social-media/49132470>
7. Samsung tries to lure iPhone users away
<http://brandequity.economictimes.indiatimes.com/news/business-of-brands/samsung-tries-to-lure-iphone-users-away/49137976>
8. Google, Twitter join hands to take on Facebook in content wars?
http://www.exchange4media.com/digital/google-twitter-join-hands-to-take-on-facebook-in-content-wars_61820.html#sthash.EiXouiWT.dpuf

Foreign Trade:

III. India's sugar export boost plan looks flawed: Traders

LONDON/MUMBAI: India's bid to compel producers to export millions of tonnes of surplus sugar will fail without significant subsidies or at least penalties for failing to comply, trade and industry sources said on Friday. India has been pushing mills to sell sugar on the international market and use the proceeds to clear huge debts they owe farmers for sugarcane.

The world's number two producer, announced new rules last month making it compulsory for sugar producers to increase exports to at least 4 million tonnes in the present crushing season, to cut stockpiles. Despite a rally in raw sugar futures to a 4-1/2-month peak this week, driven by a Brazilian gasoline price rise which was expected to boost demand for cane-based ethanol, raw sugar futures prices were still below the 13.5-14 cents per pound area seen as more likely to spur Indian exports.

"There is no export parity at the current level. The government has to provide subsidy to make exports viable. Without subsidy, mills can't bear additional losses," said Sanjeev Babar, managing director of Maharashtra State Co-operative Sugar Factories Federation.

The government gave a subsidy of 4,000 rupees a tonne for exports of raw sugar in 2014/15 year ended on Sept. 30 to help cut stockpiles after five years of surplus output.

"I contacted more than a dozen factories in Maharashtra to know whether they can supply raw sugar for exports in the next few months. No one is ready to produce raws for exports. They first want to know whether government is going to give them an export subsidy," said a Mumbai-based dealer with global trading firm.

The government has not yet made clear whether it will extend subsidies in the 2015/16 year started on Oct.1.



Traders said the government plan also lacked teeth.

"The government has not drawn up penalties for non-compliance," a senior Western analyst said.

The recent rally in local prices has made exports less lucrative for mills, the dealer said. Indian sugar futures have surged a quarter since falling to their lowest level in over six year in late July.

Tom McNeill, director of Australia-based analyst Green Pool, predicted more modest Indian net sugar exports of 1.8 million tonnes in 2015/16, adding that he was "always a bit sceptical regarding the grand plans in India." In the last crushing season which began on Oct. 1, 2014, India exported 1.3 million tonnes.

Read more at:

http://economictimes.indiatimes.com/articleshow/49195970.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Russia reiterates plans not to cooperate with OPEC

SOCHI: Russian First Deputy Energy Minister Alexei Texler said on Friday that Russia would stick to its plans not to cooperate with the Organisation of the Petroleum Exporting Countries (OPEC).

Texler also said that he was not aware of any meetings between the cartel and other producers ahead of OPEC's next policy meeting.

Credits: economictimes.indiatimes.com

Read more at:

http://economictimes.indiatimes.com/articleshow/49197491.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Must Read:

1. India informs WTO about safeguard probe against steel products

<http://economictimes.indiatimes.com/news/economy/foreign-trade/india-informs-wto-about-safeguard-probe-against-steel-products/articleshow/49017490.cms>

2. Mills to export four million tonne sugar in 2015-16
<http://economictimes.indiatimes.com/news/economy/foreign-trade/mills-to-export-four-million-tonne-sugar-in-2015-16/articleshow/49015308.cms>
3. Export-Import Bank of India lends \$24 million credit line to Ivory Coast
<http://economictimes.indiatimes.com/news/economy/foreign-trade/export-import-bank-of-india-lends-24-million-credit-line-to-ivory-coast/articleshow/49139556.cms>
4. E-Commerce: RBI Allows Banks to Use E-Payments for Imports
<http://profit.ndtv.com/news/corporates/article-e-commerce-rbi-allows-banks-to-use-e-payments-for-imports-1222608>
5. John Key: New Zealand will be happy if Australia's China free trade deal fails
<http://www.theguardian.com/world/2015/sep/17/john-key-new-zealand-will-be-happy-if-australias-china-free-trade-deal-fails>

Green Diary

Recent News:

India Commits to Big Emissions Intensity Cuts by 2030

www.ndtv.com

India will cut intensity of carbon emissions by 33-35 percent by 2030 from 2005 levels and make its economy more energy efficient, the government today said as it announced an ambitious climate-change policy ahead of a major UN summit in Paris later this year.

"Goal is to reduce emissions intensity of GDP by 33%-35% from 2005 level, by 2030, "Environment Minister Prakash Javadekar said a day after the government submitted a new plan to the UN for combating climate change. "It is a huge jump for India, therefore it is a very ambitious target," Mr Javadekar said, adding that the government was "confident" of meeting those targets.

India, the world's third-largest emitter of greenhouse gases, made the pledge to cut emissions intensity - the ratio of a country's carbon emissions to its economic output - as part of its Intended Nationally Determined Contributions or INDCs, in a document published on a UN website early on Friday.

In the 38-page document, India said that it would target 40 per cent cumulative installed

power capacity from non-fossil fuel sources by 2030.

New Delhi has ruled out committing to absolute cuts in carbon emissions, in contrast to the United States, China and other big nations which have announced peak years for emissions.

"The developed world has polluted the Earth and we are suffering. Still, we want to become part of the solution and give results," Mr Javadekar said.

The government estimated at least \$2.5 trillion would be required to achieve the country's climate change goals, which include increasing forest cover, between now and 2030.

Prime Minister Narendra Modi met US President Barack Obama and France and Britain's leaders last month, and called for a climate change agenda that helps developing countries with access to finance and technology.

Story First Published: October 02, 2015 08:35 IST

Important Environmental Days in October

5 October (first Monday in October)

World Habitat Day

13 October

International Day for Disaster Reduction

16 October

World Food Day

24 October

World Development Information Day

31 October

World Cities Day

Source: www.undp.org

Green consumption

Green consumption, correlated with sustainable development, is a form of consumption that is compatible with the safeguard of the environment for the present and for the next generations.

It is a concept which ascribes to consumers responsibility or co-responsibility for addressing environmental problems through adoption of environmentally

friendly behaviors, such as the use of organic products, clean and renewable energy and the research of goods produced by companies with zero, or almost, impact.

In Western societies, during the '60s and the early '70s, the necessity to protect the environment and the people health from the effects caused by industrial pollutants and by the continuous growth of economic and population has developed this new idea of consumption.

In the 1980s first American "green" brands began to appear and exploded on the American market. During the 1990s green products had a slow and steady growth, remaining a niche phenomenon. American interest in them started to increase again in the early 2000s with greater speed and, despite the latest recession, it has been continuing to grow.

Let's see how we can be a good green consumer..

How can an individual be a Green consumer???



But why??



How I can??



But where do we find them??

Organic Food



Eat Organic..Purest of Pure, healthy and nutritious food

Students as green consumer..

Tree Free Stationery



Why cut trees to meet your stationery needs? Try beautiful and eco-friendly hand made paper note books.

While shopping the leather goods..

Cruelty Free Leather



-Made from hides of animals that die a natural death

This is we as an individual can be a green consumer.. There are many other ways..which you can also suggest..

Till next issue..