

# Low production may hit global food supply

UN report says

PTI, New York

A decline in cereal production in several low-income food-deficit countries (LIFDCs) this year could lead to a tighter food supply situation with 28 countries facing serious food scarcity, according to a new United Nations report.

After four successive years of relatively strong growth, cereal production in many LIFDCs is expected to rise by just over 1 percent in 2007, says the latest Crop Prospects and Food Situation report.

Moreover, if the largest producers, China and India, are excluded, overall cereal output of rest of the LIFDCs is forecast to decline slightly from last year. Continued high international prices are also exacerbating the problem, the UN food agency noted.

Countries which have experienced severe droughts or irregular rains, are facing reduced crop

yields.

Zimbabwe, Swaziland and Lesotho have reported their worst main season harvests ever. Compared to last year, the production of maize, the main staple crop in these countries, will drop by 50 percent on average.

Meanwhile in Morocco, the cereal crop is estimated at just one-quarter of what it was last year.

On the other hand, prospects for this year's crop yields are favourable in other areas, according to the report.

In Asia, forecasts for coarse grain and rice crops are reported to be generally favourable, thanks to the onset of seasonal rains.

Several Southern African countries are reporting record or above-average harvests, and apart from Somalia, most East African countries estimate increased output.

The report classifies 28 countries as requiring external assistance to overcome food shortages.

In one of these countries, Nepal, a major obstacle to provide relief is the limited access to vulnerable population. A total of 42 out of the country's 75 districts are estimated to be food deficient, with chronic and widespread food insecurity prevailing in some hilly regions.

Violence and subsequent security problems in countries such as Sudan, Somalia and Iraq have adversely affected food security. In Iraq, over 1.8 million people have been internally displaced while more than two million have fled the country, according to humanitarian agencies.

The other countries on list include Pakistan, Afghanistan, Sri Lanka, Eritrea, Ethiopia, Mauritania, Sierra Leone, Burundi, Central African Republic, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Guinea-Bissau, Kenya, North Korea, Timor Leste and Bolivia.

## Gold price hits 2-month high

AFP, London

The price of gold jumped to the highest level since last week May owing to a sliding US dollar and surging oil prices, analysts said.

On the London Bullion Market, gold prices rose to 674.90 dollars per ounce, which was the highest point since May 10, 2007.

"External factors such as the dollar and oil prices are likely to remain key drivers of market sentiment and gold prices during the seasonally slow demand period," said analysts at Barclays Capital.

On Wednesday, the euro hit an all-time high of 1.3833 dollars as the US currency was weighed down by the prospect of higher interest rates in Europe.

A falling US currency ramps up demand for dollar-denominated commodities, such as gold, as they become cheaper for buyers holding other currencies.



A two-day workshop on 'Loan Syndication' organised by Education Excellence, a consulting, education and communication firm, began in Dhaka yesterday. M Shamsul Haq, vice chancellor of Northern University, Lt Gen (retd) M Harun-Ar-Rashid, former chief of Army Staff, Nazmul Hasan, executive director (currently on LPR) of Bangladesh Bank, and Samira Farhat Amin, chief executive officer of Education Excellence, among others, were present at the inaugural ceremony.

## AirAsia calls for opening of S'pore-KL route

AFP, Kuala Lumpur

Southeast Asia's biggest budget carrier AirAsia on Friday urged Malaysia to allow it to run two daily flights to Singapore to enable Kuala Lumpur become a "true" low cost hub.

"We have always asked for, just two flights (a day) to enable us to have a true hub," AirAsia chief executive Tony Fernandes said in a statement.

In May, Deputy Prime Minister Najib Razak said the lucrative air route between Malaysia and Singapore was unlikely to open up before the end of 2008.

AirAsia operates from a dedicated low-cost terminal at the Kuala Lumpur International Airport, south of the capital Kuala Lumpur which it hopes to turn it into a regional low cost hub.

Fernandes also pressed Idris Jala, Malaysia Airlines' managing

director, to support open competition in the industry.

"That is the only way forward for all of us. Protection is not the way," he said.

The money-spinning Kuala Lumpur-Singapore route is operated by national carriers Singapore Airlines and Malaysia Airlines.

The two flag carriers account for 85 percent of traffic on the short route, with a round-trip ticket departing from Singapore costing around 450 Singapore dollars (298 US) including taxes.

AirAsia has been among the most vocal in campaigning for access to the route, with Fernandes proposing one-way tickets from 60 dollars.

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## US holds trade talks with Central Asian nations

PTI, Washington

In order to improve regional economic cooperation and expand US-Central Asia trade the United States has asked the Central Asian nations to identify ways to increase trade and investment opportunities in their country.

"The US-Central Asia Trade and Investment Framework Agreement (TIFA) meeting focused on identifying ways to increase trade and investment in the five Central Asian nations," spokesman of the Office of the State Department said in a statement.

All sides agreed that meeting under the framework of the Agreement provides an important opportunity to improve regional economic cooperation and expand US-Central Asia trade and investment opportunities, the statement said.

The meeting, chaired by Assistant Secretary for South and

Central Asian Affairs Richard Boucher who was joined by senior officials from Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan with representatives from India, Afghanistan and Pakistan, focused on the ways in which the US can support Central Asian nations' development into independent, prosperous, and democratic states, integrated into the world economy.

The meeting was part of a series of events centered on the Third Annual Meeting of the US-Central Asia Trade and Investment Framework Agreement (TIFA) at the Office of the US Trade Representative.

"The re-opening of Afghanistan has created promising new possibilities and opportunities for these nations to develop infrastructure and economic links to the south, especially in the areas of trade, transportation, energy and communications," the statement said.

## Honda announces major expansion overseas

AFP, Tokyo

Honda Motor Co has announced a major global expansion as Japanese automakers race to meet fast-growing demand overseas to offset slumping domestic sales.

Honda plans to build new plants in Thailand, Vietnam, India and Argentina while stepping up output in North America, even as Japan's shrinking population dims prospects for future sales growth in its home market.

Honda on Wednesday said it hoped the plant would boost its annual production capacity around the world to 4.7 million vehicles by 2010 from 3.9 million at present.

Honda, which overtook rival Nissan Motor Co. last year to become Japan's number two automaker, said it had delayed plans to introduce its Acura luxury brand in Japan by two years until 2010 due to the tough market conditions.

But it unveiled plans for a 246-million-dollar research and development centre in China to design a new Guangzhou Honda brand vehicle with its joint venture partner specifically for the Chinese market to go on sale from 2010.

"It will be a low-priced car unlike anything Honda would sell on its own," said Honda president Takeo Fukui, who did not rule out the possibility of the vehicle being exported to Southeast Asia in the future.

Honda said it had already begun construction of a second auto plant in Thailand at a cost of about 200 million dollars.

Due to start up in the second half of 2008, the factory will eventually double the automaker's production

in the country to 240,000 vehicles a year.

Honda has also started work on a second plant in the suburbs of Hanoi with an investment of 65 million dollars to raise its production of motorcycles in Vietnam by 50 percent to 1.5 million units from the second half of 2008.

It confirmed earlier plans for a second auto plant in India with an investment of about 230 million dollars that will churn out about 60,000 vehicles a year from late 2009.

In Argentina Honda plans to spend 100 million dollars on a new automobile production plant to start up in 2009 with an annual production capacity of 300,000 compact vehicles to meet growing demand in South America.

Japanese automakers have been ramping up their global production facilities to keep pace with brisk demand for their vehicles overseas and to take advantage of lower labour costs outside of Japan.

Honda Motor has enjoyed years of record profits but its earnings slipped slightly in the last financial year to March amid tough competition in its home market and higher raw material costs.

"Weak domestic demand is a very large issue," Fukui told a press conference.

"Our domestic sales are in a severe situation. Our export business is our main driving force," he added.

Honda is also expanding in North America as Asian automakers step up the pressure on embattled US rivals such as General Motors and Ford.

62 percent."

He said demand across Asia was still primarily for lower-margin compact cars, but noted a significant increase in demand for luxury vehicles.

"As these markets become more prosperous the buyers will become more aspirational," Ballew predicted.

GM has been struggling to maintain domestic momentum of late, its sales slumped 24 percent in June, and has been overtaken by Japan's Toyota as the world's biggest auto company.

US sales are currently on pace to reach between 16 and 17 million vehicles this year.

Growth in China, India and other emerging markets will push global auto sales to a record 70 million vehicles this year, Ballew said.

"If we go back to a decade ago, 80 percent of global sales were in the developed market of the US, Canada, Australia, Japan and Western Europe," Ballew said in a conference call.

"So far this year it's about

successful in the US," he said.

"The real key is not to be dependent on the US while still being competitive in the US market."

About 58 percent of GM's sales of 2.4 million vehicles in the second quarter came from outside the US market.

The automaker posted solid sales growth in all regions except for North America where sales were hit by a planned reduction in low-margin sales to rental car companies. GM saw its global market slip slightly to about 13 percent.

GM expects to sell over five million vehicles outside America for the first time in 2007, up 500,000 from a year ago, Ballew said.

This will more than make up for the losses in the United States, he said.

"We're on pace to reach our highest (sales) level since 1978 and our second highest in history," Ballew said.

"If the US were hitting all cylinders this year we'd see another 800 or 900,000 units."



M Nasir Uddin, chairman and managing director of Pacific Jeans Ltd, a readymade garment manufacturer, and Sajjad Alam, head of Chittagong Region of mobile phone operator Grameenphone (GP) Ltd, among others, pose for photographs at a corporate agreement signing ceremony recently. As per the deal, GP will provide complete communication facilities under its 'Business Solutions' package for Pacific Jeans.

## Asia overtaking US as biggest auto market: GM

AFP, Chicago

Asia is overtaking the United States as the largest market for auto sales, but the US will remain the more lucrative market for the next decade, a senior executive at General Motors said Thursday.

Overall industry sales in the Asia Pacific region are expected to surpass North America for the first time this year as they approach 21 million vehicles, said Paul Ballew, director of GM's global market and industry analysis.

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Growth in China, India and other emerging markets will push global auto sales to a record 70 million vehicles this year, Ballew said.

"If we go back to a decade ago, 80 percent of global sales were in the developed market of the US, Canada, Australia, Japan and Western Europe," Ballew said in a conference call.

"The US we anticipate will still be the most profitable market in the decade ahead and therefore you cannot be successful as a global vehicle manufacturer without being

successful in the US," he said.

"The real key is not to be dependent on the US while still being competitive in the US market."

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The '2nd Conference-2007' of regional and corporate branch managers of Pubali Bank Ltd was held on Thursday in Dhaka. Chairman of the bank Hafiz Ahmed Majumder, directors and managing director, among others, were present at the meeting.

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