

**International Business News**

**China bids to keep higher industrial tariffs at WTO**

AFP, Geneva

China on Monday sought to persuade the World Trade Organisation to let it keep higher tariffs on industrial goods in any global trade deal, sparking fierce opposition from developed countries.

China, which joined the WTO in 2001, wants to be able to charge tariffs above the 23 percent level proposed for developing countries, citing its status as a "recently acceded member," trade officials attending talks here said.

Beijing is also seeking a 3-5 year grace period to implement tariff cuts rather than the 2 years currently proposed.

Only Taiwan supports the Chinese move, officials said -- a rare show of unity between Beijing and Taipei.

The European Union rejected the bid outright, with ambassador Eckart Guth denouncing it as "absolutely unacceptable" while the EU's trade deficit with China "increases by the hour," the officials said.

Seven years after China joined the WTO, "there should be no talk about recently acceded members," Guth added.

His comments were echoed by US ambassador Peter Algeier.

"This proposal is totally unacceptable and incompatible with what is expected from one of the biggest beneficiaries of the Doha Round," Algeier said.

**Google-Salesforce alliance aims at Microsoft software market**

AFP, San Francisco

Google and Salesforce.com on Monday announced an expanded alliance to deliver online programs competing with packaged software at the heart of Microsoft's global empire.

Google "Apps" including email, calendar, and document writing will be included in software services offered by Salesforce, which essentially serves as a for-hire technology department businesses use via the Internet.

"Salesforce.com and Google have changed the game again," said Yankee Group analyst Sheryl Kingstone. "This is revolutionizing the way people work."

Salesforce is a leader in "software as a service" (SaaS), which is referred to as "cloud computing" because programs are hosted online instead of installed and maintained on users' machines.

Google vice president Dave Girouard said the alliance is unquestionably a shot across the bow of US software giant Microsoft, which has built its fortune selling packaged software such as Office and Outlook.

"We don't wake up in the morning at Google and say 'How are we going to get Microsoft,' but they are going to feel an impact," Girouard told AFP.



AFP

An employee of a private gasoline station fills the tank of a car in Islamabad yesterday. World oil prices touched new record highs above US\$112 a barrel in Asian trade as supply concerns and a sluggish greenback remained key factors behind the hike.

**US slowdown curbs profits at India's Infosys**

AFP, Bangalore, India

Indian software giant Infosys on Tuesday posted a lower-than-expected quarterly net profit, as the US economic slowdown hit the budgets of clients in its biggest market.

Net profit rose 9.2 percent to 12.49 billion rupees (315.04 million dollars) in the fourth quarter ended March, from 11.45 billion rupees. The profit missed analyst estimates of 12.6 billion rupees.

But shares of India's second-largest software exporter gained, bolstering peers too, as investors drew hope from its promise of higher sales and welcomed a special dividend to celebrate its first billion-dollar yearly profit.

"We want to buy peace with investors," said V. Balakrishnan, chief financial officer of Infosys, whose shares rose more than six percent Tuesday.

"We have 2.25 billion dollars in cash. What do we do with it? It's a good time to celebrate."

**Hot money flows to China up sharply**

AFP, Beijing

Hot money flowing into China surged in the first quarter to 80 billion dollars on expectations the yuan will rise further and Chinese interest rates will go up, a senior official economist said Monday.

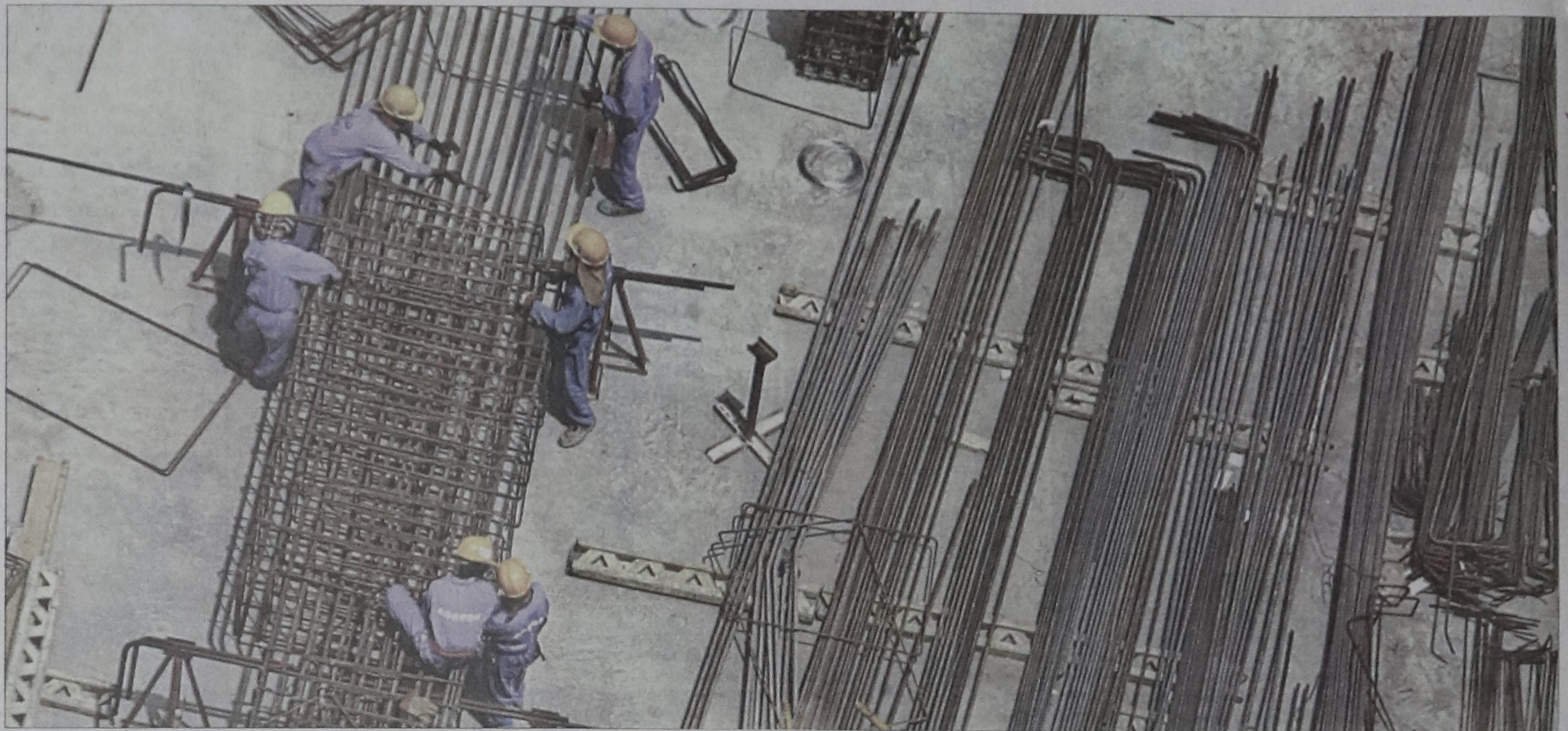
That means the monthly flow of the speculative funds this year is nearly triple the average throughout 2007, Zhu Baoliang, from the State Information Centre, a think-tank under China's top economic planning agency, told AFP.

"This is mainly because both the anticipation on the appreciation (of the Chinese currency) and the spread between (domestic and foreign) interest rates are expanding," he said.

Zhu said earlier that the amount of hot money into the country stood at 120 billion dollars last year, according to reports in the state-run press on Monday.

**INFLATION**

# Gulf inflation burns up foreign workers' earnings



AFP

Foreign employees work at a construction site at Dubai and project recently. Foreign workers making up the bulk of the labour force in the robust Gulf economies are feeling the crunch of rocketing prices and weak currencies. Some are even questioning the point of staying.

AFP, Dubai

Foreign workers making up the bulk of the labour force in the robust Gulf economies are feeling the crunch of rocketing prices and weak currencies with some even asking why stay at all.

"A segment of workers is considering leaving, particularly those from countries that are seeing strong economic growth," said Yasser Hatami, managing director of regional recruitment agency GulfTalent, referring to Indian professionals who are getting better deals at home.

The six Gulf Cooperation Council (GCC) states have traditionally been a major destination for migrant workers from neighbouring South Asian and Arab countries, while Westerners are attracted by tax breaks and the lifestyle.

Despite impressive economic growth fed by an oil windfall, expatriates in GCC

nations face surging inflation, while the value of their remittances has dropped as most GCC currencies are pegged to the tumbling dollar.

"It is becoming much harder to persuade professionals -- bankers and engineers, for example -- in India to leave," Hatami told AFP, adding that GCC-based firms now look for fresh graduates who are more willing to come.

Laveen Melwani is an Indian banker who moved to Dubai after graduating more than four years ago. Despite salary increases, he now has second thoughts about being in the region's business hub.

"The higher value of money that is not taxable and career opportunity (brought me to Dubai). Now, I am constantly thinking about the point of being here," said the 27-year-old customer relations manager.

"The economy is growing in India, offering higher pay and maybe better opportunities,"

he said, lamenting that his remittances have depreciated by 17 percent over a year due to the Indian rupee surging against the dollar.

Melwani also has to commute four hours daily from the neighbouring emirate of Sharjah where housing is more affordable than high-flying Dubai.

In Qatar and the United Arab Emirates, both of which registered double-digit inflation in 2007, the cost of housing alone amounted to 35 percent and 31 percent of household income, respectively, according to a study by Dubai-based GulfTalent.

**"MANY PEOPLE HAVE TO SEND THEIR FAMILIES BACK HOME"**

"Many people I know had to send their families back home because they cannot afford the higher cost of living, especially housing," said Adel Ayoub, an Egyptian labourer in Qatar.

"This surely makes me think

of the point of staying, but I like my job," said Rebecca Torr, a British journalist based in Bahrain, where inflation was running at four percent in 2007.

For Indian cleaner Manoj Chamollathil, 32, an increase of 50 dollars to his 320-dollar salary would make his life in Bahrain much easier.

"I send around 50 dinars (133 dollars) every month to my family. But now they insist they need more. I am left with 10 dinars after paying for rent and food. That's why I wash cars in my free time to increase income," he said.

The struggle of low-wage earners is echoed in Kuwait, where Bangladeshi cleaner Abdulhafeez said he spends almost all his earnings on food.

"It used to cost me half a dinar (almost two dollars) per day for food. Now, it is between 0.75 and one dinar," he said.

According to the latest official figures, inflation was run-

ning at seven percent in October in Kuwait, but economists and lawmakers claim it was much higher.

A series of protests by manual labourers in the UAE and Bahrain in recent months have been linked to rising prices and the drop in remittances.

But mostly Asian construction and other manual workers in the region were complaining about low pay and poor working and living conditions before inflation began soaring.

Many foreign workers appear to be staying in the Gulf simply because the situation back home is not any better.

"I found out that the increase in the cost of living in Saudi Arabia is still lower than in Jordan and other Arab countries," said Jordanian Ali Abu Hashem, who has lived in the oil-rich kingdom for several years.

"I do not save as before, but at least in the past years I managed to save enough to buy a

house back home. If I go back I would not find a good job," he said.

The traditionally-stagnant inflation in Saudi Arabia rose above four percent last year, and to 8.7 percent in February.

The private sector is meanwhile compelled to increase salaries to keep foreign professionals content, according to Hatami.

Asian professionals, who are usually paid less than others, enjoyed the highest salary increases in 2007, followed by their Arab counterparts, he said.

For some professionals, the GCC has also become a good place for work experience, Hatami said.

"It used to be a good place to save, but it could potentially dent your career, coming from the West. Now, it looks good on your resume," he said, underscoring Dubai's appeal to professionals despite the high cost of living.

**AGRICULTURE**

# Farm practices must change to counter high food prices

AFP, Paris

Farming practices must change to confront soaring food prices that threaten to drive millions of poor people around the world into even deeper poverty, said a new study to be released here Tuesday.

"Business as usual is no longer an option," the International Assessment of Agricultural Science and Technology for Development will say in a report, according to a statement from UNESCO, where the study will be presented.

The study group was formed in 2002 by the United Nations Food and Agriculture Organisation and the World Bank.

Its findings were to be released here at a moment of

mounting alarm at the social and political upheavals that world leaders fear could be triggered by rising food prices.

The International Monetary Fund and the World Bank in weekend meetings in Washington appealed for measures to avert a global food crisis. European Union farm ministers were to confront the issue at a meeting later Monday in Luxembourg.

Basic foodstuff prices have all risen sharply in recent months, sparking violent protests in many countries, including Egypt, Cameroon, Ivory Coast, Mauritania, Ethiopia, Madagascar, the Philippines and Indonesia.

The UNESCO statement here said that since March 2007 prices for soy beans have risen 87 percent and those for wheat 130 percent at

a time when global grain stores are at their lowest levels on record.

It attributed the trend to increased demand in emerging market powerhouses China and India as well as the alternative use of maize and soy beans for biofuels.

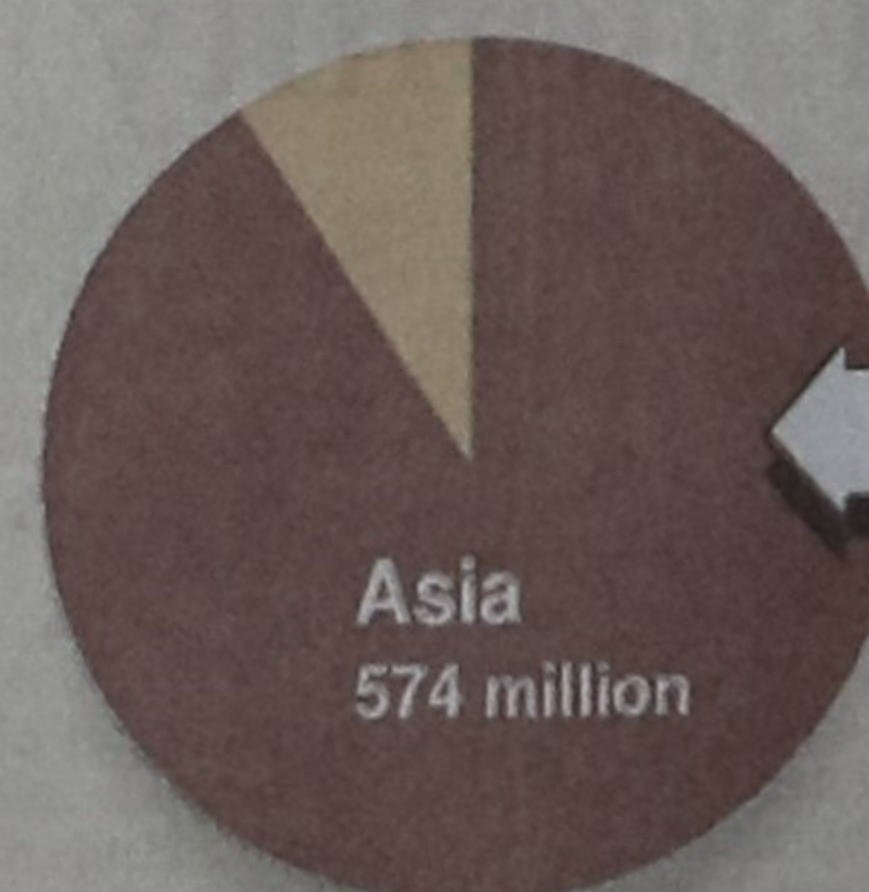
UNESCO said the report to be released will urge that agricultural science pay greater attention to safeguarding natural resources and to promoting "agro-ecological" practices, such as the use of natural fertilisers and traditional seeds and reducing the distance between the farm and the consumer.

The three-year study is the fruit of cooperation between nearly 400 scientists, developed and developing country governments and the private sector.

**Rice production**

*Skyrocketing prices of rice have encouraged hoarding across the region, as dealers hold on to their stocks in the hope that prices will rise further*

**World total production:**  
631 million tonnes



**Asia's top 10**

	Million tonnes
China	182
India	137
Indonesia	54
Bangladesh	44
Vietnam	36
Thailand	29
Myanmar	25
Philippines	15
Japan	11
Cambodia	6

**RICE**

AFP 090408

Source: IRRI