

International Business News

Common farm policy is answer to high food prices: France

AFP, London

Regional versions of the EU's agriculture policy for Africa and Latin America would help solve the current food price crisis, France's agriculture minister said in an interview published Monday.

Speaking to the Financial Times, Michel Barnier said the bloc's Common Agriculture Policy (CAP), or farm subsidy system, was not to blame for the "disorder" in global food prices.

Instead, he blamed "too much free-market liberalism" for the rising prices, adding: "We can't leave feeding people to the mercy of the market. We need a public policy, a means of intervention and stabilisation."

Food prices have been spiralling due to the use of certain foods in biofuels to combat climate change, rising populations, strong demand from developing countries, and increasing floods and droughts as a result of climate change.

India's business confidence declines

ANN / THE STATESMAN

High interest rate regime, appreciating rupee and rising cost of industrial inputs and raw material have together led to the corporate India's confidence take a hard knock.

As much as half the Indian companies, surveyed by industry chamber Ficci, felt that the overall economic conditions had deteriorated in the last six months compared to a mere 19 per cent reporting a bleak outlook in the last business confidence survey.

With this the overall Business Confidence Index has recorded a decline from 61.2 in the last survey to 55.3 in the present series.

"India Inc is deeply concerned over the evolving economic situation with growth slowing on one hand and inflation rising on the other," the Ficci said commenting on the survey.

Samsung group announces massive investment plans

AFP, Seoul

South Korea's biggest business group, Samsung, Monday unveiled massive investment plans a week after its chairman announced his shock resignation from all group posts.

The group said its 59 affiliates would invest a total of 27.8 trillion won (27.9 billion dollars) for this year to enhance growth potential and develop new businesses.

The amount of this year's investment is the largest ever for the group and is up 24 percent from 22.4 trillion won invested in 2007, it said.

The group said its investment would account for about 30 percent of the total money poured into 600 top domestic corporations in 2008.

Gulf Petroleum to build billion dollar Malaysia oil project

AFP, Kuala Lumpur

Qatar based Gulf Petroleum Ltd. on Monday said it had obtained the Malaysian government's approval to construct a 5.0-billion-dollar oil and gas complex in the northern Perak state.

Gulf Petroleum received the approval from the Ministry of International Trade and Industry last Friday, the official Bernama news agency cited the company as saying.

Gulf Petroleum said the company plans to start the project as soon as possible upon finalisation of technical issues with regard to the proposed 1,000 acre (400 hectare) site.

In February, Gulf Petroleum said at least two national oil companies, wholly owned from the Middle East along with insurance and banking groups will participate in the project.



AFP

Customers line up to buy rice in Ho Chi Minh city yesterday. Vietnam's government said the country has sufficient rice stocks and threatened to punish speculators who hoard rice for profit after price surges triggered a run on the staple grain.

British refinery strike pushes oil price to record high

AFP, Grangemouth, Scotland

A strike at a major British refinery entered a second day Monday, pushing oil prices to a new record high and forcing petrol rationing on panicked car drivers.

The 48-hour walk-out by around 1,200 workers at Grangemouth, west of Edinburgh, began Sunday and has since pushed oil prices very close to 120 dollars per barrel.

The strike has forced British energy giant BP to shut down the neighbouring Forties pipeline which supplies 40 percent of Britain's oil and gas.

New York's main oil futures contract, light sweet crude for delivery in June, touched a record 119.93 dollars a barrel in electronic deals on Monday.

Britain's offshore energy industry body Oil and Gas UK estimates the pipeline closure will cost the domestic economy 50 million pounds (65 million euros, 100 million dollars) per day in lost production.

MIGRATION

Emiratis fear being minority in their own country

AFP, Abu Dhabi

The growing concern of Emiratis about being a minority in their own country surfaced again last week, with a senior official warning that it could lead to the collapse of the regime.

"I'm afraid we are building towers but losing the Emirates," said outspoken police chief General Dhahi Khalifa Tamim, referring to a construction boom in the emirate which is being fueled by foreigners buying property there.

Dubai is one of the seven members of the oil-rich United Arab Emirates, the number of whose citizens dwindled to just 15.4 percent of the 5.6 million population at the end of 2006, according to a recent study by the government advisory body, the Federal National Council (FNC).

The "demographic imbalance," as it is euphemistically called, also plagues Qatar and Kuwait, two other energy-rich Gulf Arab monarchies that rely heavily on cheap imported Asian labour for their development.

Tamim, who was addressing a "national identity conference" attended by senior officials in the capital Abu Dhabi, hailed UAE President Sheikh Khalifa bin Zayed al-Nahayan's decision to declare 2008 "national identity year," but said Emiratis have been late in tackling the demographic problem.

"If the children of incumbent crown princes (of the seven emirates) manage to rule the Emirates, we should be thankful for that," he said.

The veteran police commander warned that unless the problem is resolved, the UAE's hereditary monarchy will not survive and this will lead to the collapse of Emirati society.

A disaster will befall the UAE if the government does not take measures to redress the demographic imbalance, he said.

Tamim has proposed establishing



AFP

Foreign workers wait for a bus that will transport them to where they live at the end of their shift at a construction site in Dubai on April 16, 2008. "I'm afraid we are building towers but losing the Emirates," said outspoken police chief General Dhahi Khalifa Tamim, referring to a construction boom in the emirate, which is being fueled by foreigners buying property there.

a union of Gulf Arab states that would grant a common citizenship, putting a ceiling of the size of expatriate communities and restricting foreign ownership of property.

He also urged Emiratis to have more children.

To drive home his point, Tamim accompanied his address by video footage of cars torched and shops damaged during recent riots by foreign workers, as well as clips of streets in Dubai packed with Asian expatriates.

"They blocked roads and

destroyed facilities, and (human rights groups) speak of workers' rights," the general said.

He was referring to reports by such organisations as New York-based Human Rights Watch critical of the working and living conditions of hundreds of thousands of mostly Asian labourers in the country, which also has sizeable Arab, Iranian and Western communities.

While acknowledging that the imbalance is dangerous, Foreign Minister Sheikh Abdullah bin Zayed al-Nahayan said the UAE is "a toler-

ant, open and wealthy country" which should not shut out foreigners.

Emiratis cannot live in "isolated islands" under the banner of "preserving their national identity," he told the gathering.

Ahmad al-Tajer, a former education minister, said the UAE's national identity was under threat not only from demography but also from the declining use of Arabic due to the massive presence of foreigners.

"What fate awaits our children and yours?" he asked officials.

Mohammad al-Bawardi, secretary

general of Abu Dhabi's Executive Council, or local government, called for giving nationals the proper education and training to enable them to "hold all the leading positions" in the country.

The FNC study said expatriates from the Indian subcontinent and southeast Asia make up around 75 percent of the workforce, with Indians accounting for 42.5 percent of all foreigners.

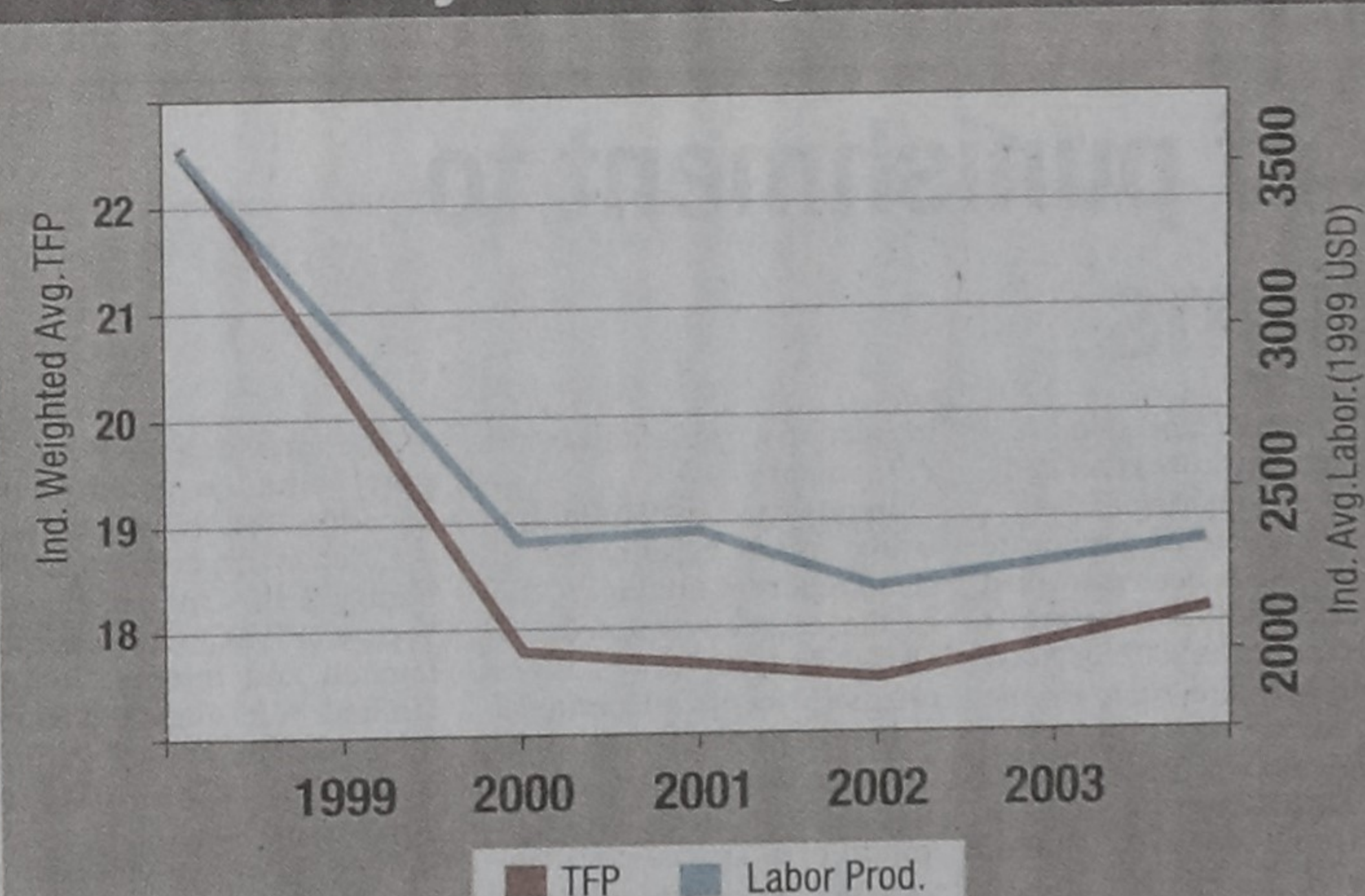
Foreign residents of the UAE range from low-paid construction workers to professionals.

COLUMN

SYED NASIM MANZUR

Raising productivity is the solution

Productivity trends in garments industry



TFP-Total Factor Productivity

Source: World Bank

symptom, not the cause. And once again, productivity goes out the window. The same is true for illness and poor health. These cause high absenteeism that causes poor productivity. Basic education and healthcare are critical to redressing these problems. Instead we just throw more ill educated and unhealthy workers at each task, and to remain profitable we pay them subsistence wages that deny them

decent nutrition, and education for their children.

But the classic example of course is our much loved customs service. One has to marvel at the genius who devised the now patented "file flow" system that helps restrict the pace of work at most government offices to a gentle snooze. Files start from the bottom slowly ascend to the middle, usually stay there for a few weeks, then proceed carefully upwards, rest there

for a few weeks, usually down to the middle again, then again up, and finally carefully downwards to its final resting place. All this is of course facilitated by countless devoted officers who are all overworked.

I believe that the entrepreneurs and government of Bangladesh have chosen to believe that our cheap (!) and abundant labour somehow allows us to ignore productivity. This is a fallacy. It is equally

wrong to assume that low wages are the principal driving force behind today's global trade or FDI flows. Trebilcocks and House in their book "The Regulation of International Trade" wrote: "This relationship between labour productivity and labour costs explains why most international firms are not seeking to relocate to, for example, Bangladesh, despite its low wages." Bangladesh is even below the LDC per capita average in labour productivity in the non agricultural sector according to a report by the CPD in July 2006.

In the private sector we need to understand that the only way for us to remain competitive is to drive productivity: we need to look beyond total output and production to total factor productivity (TFP). We can achieve this as we integrate more and more with the world economy, as our firms acquire technology and finance, as we improve our human capital, as we gain size and scale and as the business environment improves especially law and order and infrastructure. Sure government, unions and workers have a role to play. But as Peter Drucker put it: "the productivity of work is not the responsibility of the worker but of the manager".

The writer is an economist-turned shoe maker and entrepreneur.