

International Business News

\$458m subsidy for Malaysian rice farmers this year

AFP, Kuala Lumpur

Malaysia will spend 1.472 billion ringgit (458 million dollars) this year to subsidise rice farmers and import more rice from Thailand to bolster its stockpile, the agriculture minister said Tuesday.

Agriculture minister Mustapa Mohamed said the government would also spend an additional 254 million ringgit to boost local rice production, as the price of Asia's staple diet continued to soar.

"We want to make sure that the interest of the low-income earners are protected and that is why the government is willing to accept a big loss as a result of the large subsidies we are giving," Mustapa told reporters.

"We cannot afford to let down the poor in society who will be hit the hardest by the increase in rice prices," he added.

Prime Minister Abdullah Ahmad Badawi late Monday announced the country would, for the first time, spend at least 725 million ringgit to subsidise foreign rice imports to keep retail prices of the staple affordable.

Nissan Motor warns of sliding profits

AFP, Tokyo

Japan's Nissan Motor Co. said Tuesday it expects net profit to tumble almost 30 percent this year due to sluggish sales in maturing markets, a stronger yen and high material costs.

Japan's number three automaker reported annual net earnings of 482.26 billion yen (4.7 billion dollars), up 4.7 percent from the previous fiscal year, when its profits fell for the first time under onetime saviour Carlos Ghosn.

Operating profit gained 1.8 percent to 790.83 billion yen in the year ended in March as revenue increased by 3.4 percent to 10.82 trillion yen, a company statement said.

Ghosn hailed the results as a strong performance in what he said was "a challenging and volatile environment."

The automaker sold 3.77 million vehicles, an increase of 8.2 percent from the previous year, despite a decline in the Japanese, US and European markets.

Morgan Stanley, rivals raise billions for infrastructure projects

AFP, Washington

US investment bank Morgan Stanley said Monday it had raised four billion dollars for a new investment fund that will target large-scale global infrastructure projects.

In a separate announcement, Global Infrastructure Partners (GIP), which was set up by Credit Suisse and US conglomerate General Electric, said it had raised an even larger war chest of 5.64 billion dollars to support a rival infrastructure investment fund.

Major infrastructure projects have become more attractive to potential investors in recent months as the US property market remains stuck in a rut and as investors have become wary of troubled investments such as mortgage-backed securities.



AFP

A pedestrian walks past a share prices board in Tokyo yesterday. Japanese share prices rose 1.53 percent or 210.37 points to close at 13,953.73, lifted by gains on Wall Street and a drop in crude oil prices.

Attractive incentives for halal industry in Malaysia

ANN/ THE STAR

The Malaysian government is offering attractive incentives to attract businesses for the halal industry in the country.

Prime Minister Abdullah Ahmad Badawi said these incentives included investment tax allowance or exemption on statutory income from export sales and were especially for industry players in processed foods, cosmetics and personal care, pharmaceuticals, halal ingredients, and livestock and meat products.

"There will also be exemption from import duty on raw materials as well as double deduction on expenses incurred in obtaining international quality standards," he said before opening the two-day World Halal Forum on Monday.

Australia boosts skilled migration numbers in budget

AFP, Sydney

Australia will boost its skilled migrant intake 30 percent to record levels in a bid to overcome a shortage of skilled workers, the government said Tuesday.

As part of the centre-left Labor government's first budget, Immigration Minister Chris Evans said an extra 31,000 skilled migrants would be allowed into Australia permanently in 2008-2009.

Evans said the extra allocation would take skilled migrant numbers to 133,500 for the year, by far the largest component of Australia's total migrant intake of 190,300.

He said former prime minister John Howard's conservative government had not allowed enough skilled migrants into Australia, leaving employers struggling to fill vacancies.

BANKING

Phone banking from home or car

SAJJADUR RAHMAN

Abdul Khaleque, 60, a wholesaler in the old Dhaka's Chawkbazar area, now feels more safe and comfortable to bank. Because it has become so easy that he does not even need to take the trouble to remain present at his bank in person to have an access to banking.

"You just press some buttons on your cell phone and know the balance of your account or ask for some specific services you need," the businessman said gaily.

Looking back to the past, Khaleque said, "Just two years back, it was worrisome for me to send any member of my staff to my bank to deposit the daily business earnings with it. At that time, any delay in his return from the bank worried me... is anything wrong? Did he deposit the money or not?"

Those days are gone. Now he is happy with the new banking system.

And such modern services of the banks in the country are increasingly alluring the customers. A private bank slogan says: "Enjoy the convenience of banking anytime, anywhere simply by pressing a few buttons on your phone."

Phone banking is a service provided by a financial institution, which allows its customers to perform transactions over telephone. Under this system, there is an automated answering with phone keypad response or voice recognition capability. To guarantee security, customers must first authenticate through a numeric or verbal password or



(Left) Instructions on the screen of a cellphone about how to conduct phone banking. (Right) A man is using his mobile phone to know his bank account details. Through phone banking a customer can get the services like balance enquiry, fund transfer, chequebooks, statements and foreign currency exchange rate from home, office or car.

through security questions asked by a live representative.

Any customer can avail of the services like balance enquiry, fund transfer, chequebooks, statements and foreign currency exchange rate from his or her home, office or car.

This easy banking was first introduced by the Standard Chartered Bank in Bangladesh 5 years back. Later, the BRAC Bank came up with such a banking facility for its customers. It will complete two years of operation of this service in September

next. At present, the BRAC Bank gets on an average 7000 calls a day from their customers who ask for phone banking service.

The idea of phone banking was adopted by

most of the developed and developing countries in the mid- 90s. However, Asians, including China and India, came up late with this customer-friendly idea. It was 2000 they started offering their bank customers such a new facility.

In Bangladesh, not many a bank

picked up the idea, except StanChart and BRAC.

"The main feature of the service is convenience and 24-hours risk-free banking," Abedur Rahman Sikder, head of marketing and corporate affairs of BRAC Bank Limited, said, pointing to the fact that such banking has a huge potentiality as the country's economy has been growing at over 5 percent since mid 1990s.

He said the number of customers is also growing rapidly.

The BRAC Bank official further said paying utility bills such as electricity, telephone or gas, and transferring and receiving money from anywhere will also shortly be brought under the purview of phone banking.

"Customers will be able to shop and even buy a movie ticket through this banking in a near future," Sikder said.

A recent report by Consultative Group to Assist the Poor (CGAP), a global micro finance body, predicts that with the right market conditions, mobile banking could reach large numbers of poor people who are outside the formal financial system.

"Market forces are driving down costs. In the Philippines, we see that a transaction on a cell phone or at an ATM costs one fifth that of a traditional visit to a bank branch," said Gautam Ivatury, manager of CGAP's Technology Programme and co-author of the report. "Yet globally, we estimate that less than one in ten mobile phone banking customers are poor, new to banking, or doing anything more than payments and transfers."

Could mobile banking reach a large number of poor people who are outside the formal financial system in Bangladesh?

"Poor customers may get easy access to the financial services," said Shahjahan Bhuiyan, managing director of Prime Bank Limited. "It is possible to render services to the poor customers by simple phone banking," Bhuiyan asserted.

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RISING FOOD PRICES

Inflation hits Indonesia's poor

AFP, Jakarta

Jakarta street food seller Dairah is among millions of poor Indonesians feeling the pinch as soaring commodities prices threaten the fragile stability of Southeast Asia's largest economy.

Until last week, a typical day for the 49-year-old mother of six started before dawn with the preparation of traditional "lontong" rice cakes wrapped in banana leaves, which she would then sell to street vendors near her home.

But last month the government raised the price of rice by 7.5 percent to 4,300 rupiah per kilogramme from 4,000 rupiah (43 cents), and Dairah had to close her little business and take work as a maid.

"Usually with 10,000 rupiah (slightly over a dollar) I can buy about three litres of rice but now I can't make any profit from selling lontong," she told AFP at her tiny brick and cardboard home in one of Jakarta's slums.

High food prices helped drive Indonesia's March inflation rate to 8.17 percent over the year before, the biggest increase since October 2006.

Prices are expected to keep rising, with the government set to hike subsidised fuel prices in June to minimise the impact of record oil prices on the national budget.

Cooking oil has nearly doubled in price over the past year, and the cost of soy beans, a major source of protein for Indonesia's poor, has also soared.

"The price of food has gone up so I can't feed my family by selling rice cakes alone," Dairah said. "I have to work in people's houses doing laundry or cleaning to earn money. They pay me about 25,000 rupiah a day."

Her husband, Marjito, a driver, retired five years ago



A food vendor prepares 'Ikan Bakar' or grilled fish for customers in capital Jakarta recently. High food prices helped drive Indonesia's March inflation rate to 8.17 percent over the year before, the biggest increase since October 2006. Prices are expected to keep rising, with the government considering hiking subsidised fuel prices in June by almost 30 percent.

after his health deteriorated, leaving Dairah as the family's main breadwinner.

Their six adult children, who live with them in a tiny house, have no regular jobs but get by doing odd jobs around the neighbourhood.

"The price hike will be felt most by people who spend a large chunk of their income to buy rice," economist Widyono Soetjipto said.

Mangara Tambunan, an economist with the Centre for Economic and Social Studies

think tank, said the government's decision to increase the price of rice would do little to help farmers.

"The increase will effectively benefit only the wholesalers, while the farmers will get very little from it," he said. "Poor infrastructure leaves farmers no option but to sell their harvest at lower prices to wholesalers."

The World Bank has said that by 2006 almost 18 percent of Indonesians were living beneath the poverty line.

The Asian Development Bank says soaring food prices are driving more Asians below the poverty line and some countries might have to seek foreign aid to help feed those in the most need.

Asia's rice stocks are the lowest in decades but the ADB believes they are still adequate to meet demand.

Indonesia, the world's third biggest rice producer, expects to produce enough rice to feed its more than 230 million people this year.

Harry Seldadyo, an economics researcher from the University of Groningen who is based in Jakarta, said there were no reliable statistics to show how the rising commodities prices were affecting Indonesia's poor.

"But you can see it around you that there are many people starting to offer services that they weren't before. For example, near my house people are offering to cut grass in your garden," he said.

He said the urban poor had

few options -- either they sell their few assets and dip into their savings or they work longer hours each day to make ends meet.

Those who have poured into the cities from rural areas looking for work were unlikely to return to their villages despite the hard times.

"Going back home to their villages is not an option. They couldn't go back unless there's jobs, such as working as labourers during the harvest season," he said.