

International Business News

India's inflation inches closer to 8pc

PALLAB BHATTACHARYA, New Delhi

India's inflation rate inched closer to eight percent mark on Friday further reducing the comfort level of the Congress-led coalition government that is facing fresh general elections in less than a year.

The wholesale price index-based inflation stood at 7.83 percent for the week ending on May 3, the highest since November 2004, said official figures released here on Friday.

Spiralling prices coupled with a slowdown in industrial production have added to the worry of the government, which finds the two developments politically suicidal.

It has once again triggered economic growth versus inflation debate. Despite a series of fiscal and monetary measures including cuts in customs duty, ban on export of rice, suspension of futures trading in eight commodities since the beginning of 2007 and tightening of cash flow, inflation has been showing no sign of coming down.

Rice prices softening in Philippines

AFP, Manila

The Philippines, one of the world's largest rice importers, said Friday prices are softening after Japan offered to sell rice to Manila amid news of bumper world harvests for 2008.

Large tenders by the Philippines to fill its expected 2008 production gap of up to 2.7 million tonnes have helped drive up prices by 76 percent between December 2007 and April 2008, according to the UN Food and Agriculture Organisation.

However, the government's grain procurement arm, the National Food Authority (NFA), has seen prices in the international market ease, NFA spokesman Tom Escarez told AFP.

"Prices spike every time we have a large tender. The market became quiet after the tender for 675,000 tonnes failed and the market realised we were not in a hurry," he added.

US homebuilding jumps more than expected

AFP, Washington

US homebuilding showed a surprisingly strong jump in April, signaling a ray of hope amid the rubble of the worst housing slump in decades, according to government data released Friday.

Housing starts and permits hit their highest levels since February, and new home construction rebounded from a 17-year low in March, the Commerce Department data showed.

Starts rose 8.2 percent in April from March to an annual rate of 1.032 million units. It was the strongest gain since January 2006 and sharply higher than analysts' consensus forecast for a cutback to 940,000 units.

Global growth slows in 2008: UN

AFP, United Nations

The United Nations on Thursday issued a downward revision of its forecast for 2008 global economic growth, to just 1.8 percent, from the 3.4 percent predicted in January.

In an update of its January 9 "World and economic situation and prospect 2008", the world body said the worldwide economy would be slowing in 2008 after marking 3.8 percent growth last year.

Developing countries were expected to grow at a rate around five percent, down from 7.3 percent in 2007, and should lose more ground next year to 4.8 percent, the report said.

"If monetary and fiscal stimuli recently instituted in the US take hold, the world is likely to experience only a moderate slowdown, to 2008 growth of 2.8 percent," it said.



AFP

Customers walk past staff of a department store dressed as angels during a promotional event in Hong Kong yesterday. Hong Kong's economy grew at an annual rate of over seven percent in the first quarter of 2008, defying fears it would be squeezed by a US-led global economic slowdown, official figures showed on May 16.

Ukraine becomes latest WTO member

AFP, Geneva

Ukraine on Friday officially joined the World Trade Organisation, becoming its 152th member.

A large signboard in front of the WTO building welcoming the entry of the former Soviet state marked the occasion although no formal ceremony was planned for the day.

The Ukrainian delegation will be received at the WTO in the day, the Ukrainian economic service and commercial head Volodymyr Baluta told AFP.

"We will reassure the WTO that Ukraine is ready to participate in the Doha round trade (liberalisation) negotiations and to the process of accession of other countries," he said.

TRANSPORT

High-speed rail sees delays in US

AFP, Washington

In November the Eurostar bullet-train blew the doors off commuter rail travel, sprinting the 213 miles (343 kilometres) from London to Paris in two hours 15 minutes -- and leaving tortoise-slow US trains in the dust.

Over a similar distance -- Washington to New York -- America's lone high-speed train, the Acela Express, takes 45 minutes longer.

Top speed for nearly every other passenger train in the United States is a pedestrian 79 miles (127 kilometre) per hour, with average US speeds far slower.

"Oh, I think it's awful. It's really slow," groaned retired speech pathologist Eleanor Herman, preparing to depart from Washington's Union Station aboard the Northeast Regional, which like the Acela is run by national rail corporation Amtrak.

"I've been on high-speed trains in Italy, and it's another world."

Europe and Asia's impressive advances in train travel -- commercial bullet-trains there routinely hit 200 mph (320 kph) -- have begun to shine a glaring spotlight on the world's wealthiest nation.

For decades US passenger trains have played poor cousin to planes and automobiles -- the twin towers of American transport.

But as Americans gasp at record gasoline prices, see mounting trouble for airline companies and the hassles associated with air travel, and become more environmentally conscious, the need for improved and speedier US rail service could finally hit the national radar.

"We are the only advanced country in the world that doesn't have high-speed rail," Democratic US presidential candidate Barack Obama has said.

"The irony is, with gas prices what they are, we should be expanding rail service. One of the things I have been talking about for a while is high-speed rail connecting all of these Midwest cities."

Railroads fueled America's



AFP

Travellers board a high-speed Acela train heading for New York and Boston at Washington's Union Station recently. In November the Eurostar bullet-train blew the doors off commuter rail travel, sprinting the 213 miles (343 kilometres) from London to Paris in two hours 15 minutes -- and leaving tortoise-slow US trains in the dust.

19th century westward expansion, but today they are rickety relics compared to bullet trains in countries such as Japan, France, Germany, and China where 3,750 miles (6,000 kilometres) of track support high-speed trains.

Last year in France an experimental train gave travellers an eye-popping glimpse of the future when it set a speed record of 357 mph (571 kph).

Another dozen countries have projects planned including Iran, which is considering buying Germany's magnetic levitation train that can top 280 mph (448 kph).

On the Northeast Corridor linking Washington with New

York and Boston, the Acela Express tops out briefly at 150 mph (240 kph), but averages just 86 mph (138 kph).

"Too many curves" in the century-old route to keep the speed up, and "straightening" it would be a monumental task, says Amtrak communications chief Cliff Black.

Nevertheless, US Congressman John Mica is pushing to convert Washington-New York to bonafide high-speed status.

In March he introduced a Congress bill to study and develop a system that would cover the distance in under two hours.

The plan would cost at least 20 billion dollars, and Mica

described it as feasible particularly if there were federal matching funds.

"We have not had a solid proposal that involves federal, state, local and private sector partners," he said.

Amtrak says lack of political will -- as well as Americans' fierce devotion to privately held land -- could doom such projects.

"Private property is sacred in the United States and it's very difficult to impose eminent domain to acquire property to build highways and high-speed rail," said Black. "If you don't have the political will, it's a moot point."

The US government committed 1.3 billion dollars in

funding in 2007 to Amtrak, which lost 475 million dollars last year despite record passenger numbers in the past five years. Ridership for 2008 is already up 12 percent.

Amtrak has no plans for high-speed rail, Black said. "We don't have the resources. It's really up to the states."

This year the US Department of Transportation set aside 30 million dollars in matching federal funds for state or local rail projects. By comparison the w/w government budgeted 39.4 billion dollars in federal aid for the highway system.

Most populous state, California, could soon be taking the first step towards a

fully-dedicated high-speed route, planning a system from Sacramento in the north to San Diego in the south via San Francisco and Los Angeles, covering 683 miles (1,100 kilometres).

The plan, which could break ground in 2009, carries a 40-billion-dollar price tag, and a bond measure to raise nine billion goes before voters in November.

"It's critical that Californians vote for that project," said Rick Harnish, head of the Midwest High Speed Rail Association.

"We need a much more aggressive railroad development programme. We need to start building a lot more track."

COLUMN

SARWAR AHMED

My mentor

He was tall, heavily built, bearded and with a laugh that would echo through the office. Georg Wyss, Managing Director looked up as we were introduced to him in his smoke filled room. We were selected for an internship in Ciba-Geigy towards the end of our MBA program in November 1980. As he leaned back in his chair, which we were told was specially made for him because of his size, he smiled, welcoming us. He told us about the privatization of the pesticides business in Bangladesh and that there was so much to do!

I had to do a project for Marketing, and as such, my interaction was with Walter Reinhardt, the Head of Marketing. I was quite surprised at the high level of marketing competency. With the words marketing guru Philip Kotler still fresh in mind, it seemed that his book had come alive! And what surprised me even more was how the great divide of expatriates

and locals was non-existent in Ciba-Geigy.

I completed my project, including a gargantuan task of sifting through invoices, and compiling annual sales statistics by customers, products and territories. In those days, an electric calculator, which I was privileged to use, was a locked up prized asset that you had to sign in and out.

Walter was pleased with the statistics and immediately went to Georg's room with them. I was startled and wondering if I had made a mistake when I saw Georg with the copy, coming up to my desk. "Congratulations!" his booming voice and smiling face reassured me, as he shook hands. Thus started my career and journey as a professional manager, mentored by Georg.

As Homer tells us in his ancient epic, The Odyssey, Odysseus, the King of Ithaca, would go off on journeys, including the Trojan Wars. He left behind his kingdom and his son Telemachus to Mentor

"Every day was literally a new day, as I continuously learnt from Georg, like a sponge, soaking in his wisdom. He infused in me not to be a 'babu', the typical bureaucratic lordship ingrained in our society."

who was his wise teacher and counselor. The word mentor is thus used today as a person who helps others to grow professionally.

The five years with Georg shaped my life. I was so very fortunate. Fresh out of university, we were still idealistic. Georg did not let the idealism die. He nurtured it, molding it with realism, thus shaping me to face the reality of the world.

Over the next couple of years, we had an influx of bright and brilliant newcomers. As our mentor, Georg nur-

tured us, grew us to be where we are today, in leading positions in various organizations. I was in close touch with him, as after a year he made me the financial controller of the agro business, reporting to him directly.

Every day was literally a new day, as I continuously learnt from him, like a sponge, soaking in his wisdom. He infused in me not to be a 'babu', the typical bureaucratic lordship ingrained in our society. He would literally roll up his sleeves to get things done.

One day, the young set of six from various disciplines in the company then, were invited to the meeting room. Georg handed over telex copies of an invitation. We were to meet an investor. The address was a house in Gulshan. We were wondering what was up, puzzled and excited. Georg told us it was a company secret, we were not to talk to anyone.

On the appointed day, we went to Gulshan and the address turned out to be Georg's residence. As we sat around drinking colas on the porch, he told us that the investor had asked him to brief us. We were to form a competitor company which would outmaneuver Ciba-Geigy in the market. The six of us were the management team. We were free to invest in any way we liked and had two months to build our business plan. We worked after office, brainstorming, introducing products, building plants, distribution systems, hiring the best talent.

Our Regional Manager from Switzerland soon came for a visit. He was the 'investor'. We were to present our new company to him and the company management. There we were, the six of us, making presentations of how we would beat Ciba-Geigy in all business areas. Having finished, there was a round of applause. Absolutely brilliant, Georg told us, and he concluded, "Gentlemen, to beat Ciba-Geigy, you would need a company like this, and that is not going to happen anytime soon! One can have cash to invest, but where can one find the people, the talent to run such an organization? We are assured of our future!"

Such is a mentor. He nurtures and teaches, creates a vision for the future and through his wisdom leaves behind a legacy of talent who take the organization for the next giant leap forward.

The writer is the managing director of Syngenta Bangladesh Ltd.