

International Business News

WTO offers fresh flexibility on industrial goods in Doha round

AFP, Geneva
The World Trade Organisation offered about 30 developing countries on Tuesday a range of options to cut industrial goods tariffs in the hope of finally concluding the Doha round of trade talks.

In his most recent negotiating paper, chief industrial goods negotiator Don Stephenson -- who is also Canada's ambassador to the WTO -- said developing economies could choose to reduce tariffs to a maximum of 19 to 26 percent, a wider range than previous proposals in February.

However, this overall range is composed of three distinct bands (19-21 percent, 21-23 percent and 23-26 percent), which have their own implications for any exemptions.

Countries applying the lowest range (known as a "coefficient" in WTO terminology) would be able to exclude up to 14 percent of their most sensitive industrial tariff lines from the full effect of the formula.

For the middle band, countries would be able to either "shelter" up to 10 percent of their most sensitive tariff lines, which would be subject to cuts equal to half of the agreed formula reduction.

Brazil's Petrobras bigger than Microsoft: Survey

AFP, Sao Paulo
Brazil's state-controlled oil company Petrobras has overtaken Microsoft to become the third-biggest company in the Americas in terms of stock market capitalisation, a Brazilian research firm said Tuesday.

Petrobras, which is riding high on vast new oil discoveries off Brazil's southeast coast, has a market value of 287.2 billion dollars, according to Economatca.

Microsoft, by comparison, is worth 279.3 billion dollars. The top two places are taken by US oil giant Exxon Mobil, with a market capitalisation of 489.6 billion dollars, and US conglomerate General Electric, worth 320.2 billion dollars.

Petrobras' shares have risen 110 percent in the past year, while Microsoft's have received 3.5 percent.

Buffett says top bankers should be accountable for risks

AFP, Lausanne, Switzerland
Warren Buffett, the world's richest man, said Tuesday that few banking chief executives appeared willing to assume responsibility for the risks their institutions take.

"I think that the head of any bank or financial institution has to be the chief risk officer, you cannot delegate (the job) to someone who comes in once a week," said the famed investor, known widely as the "Sage of Omaha."

"You don't have a business running a great financial institution accepting funds from others unless you're responsible for the risk," he said.

He told a press conference here there were few institutions and people who "take that obligation seriously."

Asked if he would buy a bank, he replied: "I'd buy a bank but I'd wonder who the banker was."



This file photo shows a Japanese woman displaying a Hello Kitty shaped communication robot named 'Hello Kitty Robo'. Japan appointed the mouthless feline cartoon character Hello Kitty as a goodwill tourism ambassador in China and Hong Kong, with the aim of promoting visits here.

Dollar falls against euro

AFP, New York
The dollar lost ground against the euro Tuesday as traders raised the odds that the European Central Bank (ECB) might be forced to raise interest rates amid spiking inflation pressures.

Higher-than-expected German wholesale inflation figures and a surge in oil prices to fresh record peaks over 129 dollars weighed on the dollar, traders said.

The euro was changing hands at 1.5645 dollars at 2100 GMT, up from 1.5509 in New York late Monday.

The dollar fared better against the Japanese yen and was quoted at 104.47 yen, up from 104.31 yen a day earlier.

The dollar came under pressure after Wolfgang Franz, a prominent academic and president of Germany's ZEW research institute, said the ECB might be forced to tighten credit in the coming months in the face of rising inflation.

OIL PRICE

Road is less travelled in US as gas prices skyrocket

AFP, Washington
Americans are driving less for the first time in nearly 30 years as they face up to skyrocketing fuel prices, putting a dent in lifestyles in a country where the car has long reigned as king.

Figures released by the Federal Highway Administration show the first drop in almost three decades. Mileage covered by Americans in January fell 1.7 percent compared to the same period of 2007.

It may not be a big reduction, but it is significant given the fact that the national automobile fleet grows an average of two percent annually.

The price of a gallon of gas (3.78 liters) remains much lower than in Europe, where it is boosted by significant taxes. But it shot up 59 cents in just two months, and the national average is about to surpass the psychologically important barrier of four dollars per gallon.

While it cost 71 dollars in February to fill up a typical sport-utility vehicle (SUV), which consumes 12 liters of fuel per each 100 kilometers, a similar visit to the gas station in May cost a driver 84 dollars.

"High gasoline prices are motivating drivers to conserve by driving less and purchasing more fuel-efficient transportation," said Michael Morris, an official with the Energy Information Administration.

Gasoline consumption figures went down in the last two quarters, a decline not seen since 1991.

In the three first months of 2008, consumption dropped 0.6 percent. And it is expected to fall another 0.4 percent this summer compared to the summer of 2007, according to the Energy Information Administration.

Price increases at the pump now lead the list of everyday economic worries of Americans, according to a survey conducted the Kaiser Family Foundation.

According to a USA Today/Gallup poll conducted May 2-4, eight out of 10 Americans, or 78 percent, are now certain the current spike in gasoline prices is not a temporary fluctuation.

In 2005, 36 percent of respondents believed gasoline prices would even-



A busy US highway. Americans are driving less for the first time in nearly 30 years as they face up to skyrocketing fuel prices, putting a dent in lifestyles in a country where the car has long reigned as king.

tually fall back to normal, but today 54 percent of those polled think gas prices will go up to six dollars a gallon five years from now.

According to the survey, six motorists out of 10 now say they make arrangements with neighbors in planning their trips.

"Some folks begin to appreciate the economic value of carpooling and there is a greatest interest in mass transit options," said Doug Hexco of the Federal Highway Administration.

A recent study among members of the American Automobile Association (AAA) in Chicago showed that 76 percent of them try to reduce the number of shopping trips and 24 percent have modified or outright canceled their vacation plans.

"The consolidating of shopping trips seems like it wouldn't be that big a deal but if on a weekend you're leaving for a family event, a sports game, church, people are also picking up their dry cleaning and going to the

grocery store," Nicole Niemi, a spokeswoman for the AAA in Chicago, told The Chicago Tribune.

Newspapers and Internet sites are filled with information and advice about economical driving, and a growing number of websites, like Mapquest Gas Prices, point out stations with cheaper fuel.

Meanwhile, the traffic on Mapquest itself has doubled in a year. American car manufacturers that in April saw their sales of new vehicles

drop in two categories have now introduced innovative incentives.

Chrysler, which produces gas-guzzling 4X4 Dodge pickup trucks and Jeeps, offer with their new cars a contract to supply gasoline at 2.99 dollars a gallon for three years.

And for the first time after the oil crisis of the 1970s, gas tank locks designed to protect motorists from thieves seeking to pump fuel out of their vehicles are again in high demand.

COLUMN

IFTY ISLAM

Unlocking the potential of the Bangladeshi diaspora

Diaspora, coming from the Greek word for "dispersion", is defined in the Webster dictionary as "people settled far from their ancestral homeland". The impact of the overseas Chinese, Indian and more recently Vietnamese communities in their respective economic transformations in the last 15 years cannot be overestimated, especially in the technology sector. But the impact of the diaspora in Bangladesh has so far been largely limited to remittances.

Last week, I attended the IFC annual Private Equity Conference in Washington, DC that provided a useful opportunity to meet more than 300 professionals from investment funds from a broad range of Emerging Markets. While I was in the US, I decided to extend my trip to meet a wide range of Non-Resident Bangladeshis (NRBs) in New York and Boston.

I spoke to around 40 Bangladeshis working primarily in financial markets and consultancy at a lunch organized by NYBAP (the New York Bangladeshi Association of Professionals) about the investment opportunities in

Bangladesh and the important role they could play in re-defining/marketing "Brand Bangladesh". I was struck by the audience about participating in the next phase of Bangladesh's economic development. I even met several who wanted to move back to participate in attracting overseas investment.

In Boston, talking to more than 150 people at two separate NRB events, there was also a substantial level of enthusiasm and interest from a wide range of professors at some of America's leading academic institutes. A number wanted to collaborate on research papers on developing and marketing investment opportunities. Others were keen for more research on Bangladesh to help the national re-branding effort. If there was any disappointment, it was that I did not yet have a set of investment products for them to get exposure to Bangladesh.

A recent World Bank Briefing Paper (see International Migration and Technological Progress, Burns and Mohapatra, Feb 1 2008) notes that repeated waves of

SIZE OF DIASPORA IN 2006			
Countries	Size of Diaspora	Total population	Diaspora as % of population
Vietnam	3,000,000	84,240,000	4%
India	24,000,000	1,100,000,000	2%
China	39,000,000	1,300,000,000	3%
Bangladesh	4,000,000	142,000,000	3%

emigration have led to the creation of vibrant diasporas that possess cutting-edge technology, capital and professional contacts. In addition, migrants have often played a valuable role in the transfer of market-based institutions, such as venture capital, entrepreneurship and corporate transparency, to their countries of origin.

Since the late 1990s, a "transnational" way of thinking has gained popularity. This recognizes that, in the current era of globalization, global links may be more important than human capital "stock" in a particular country. A professional can contribute as much to the home country by residing overseas as they can by returning permanently. Expatriate knowledge net-

works have been created to foster regular contacts; transfers of skills; and opportunities for business with researchers, scientists, and entrepreneurs in the country of origin.

Migration expert Professor Xiang Biao, in a paper assessing the Chinese Government's strategy for fostering diaspora contributions to technology transfer and economic development, noted that Chinese academic institutes have also devised their own policies to lure Overseas Chinese Professionals (OCPs), offering special financial packages, housing subsidies and research facilities. Moreover the Chinese government has acknowledged and publicized the achievement of returning OCPs, and encouraged more to come back.

So what is the right diaspora strategy for Bangladesh? Here are some suggestions:

1) The Government needs to partner up with the various diaspora networks overseas both professional organizations in technology, finance, medicine, pharmaceuticals as well as broader community networks to build a more comprehensive NRB database.

2) The NRB conference last December was a welcome start but we need a regular and ongoing interface or forum between the diaspora, local Bangladeshi corporates and policymakers. Multilateral agencies such as the World Bank, ADB, the UN, DFID and USAID can contribute both funding as well as research on the effective leverage of diasporas in China, India and other emerging market countries.

3) Policymakers need to actively develop a strategy to attract more diaspora to return home on either a temporary or a permanent basis. This could include fiscal incentives such as lower import taxes for personal effects for NRBs who bring substantial capital as well as industry experience

back to Bangladesh. Another possibility is special stipends and visiting professorships for leading NRB academics in key strategic sectors such as technology, engineering, renewable energy, finance etc. Also learn from the Chinese strategy, with more public recognition/status for diaspora who make a contribution to Bangladesh.

Given the success in China and India of pro-active government diaspora policies, a better resourced Ministry or Directorate of NRB Affairs would likely yield a substantial payoff.

In conclusion, NRBs can offer intellectual, commercial as well as financial capital along with a credible interface with potential investors and corporates in the rest of the world. There is little doubt that greater focus on a more effective diaspora strategy could play a key role in accelerating Bangladesh's future economic development.

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