

International Business News

Bahrain to pay more to get skilled workers from India

Hiring professionals from India to work in Bahrain is becoming extremely difficult due to improved salaries and incentives there, said a recruiting agency chief.

This is coupled with an unprecedented demand for skilled workers and professionals in India, said Andhra Pradesh Recruiting Agents Association president Mohammed Abdul Razzak.

Another report adds: The Indian government has decided to raise the wages of housemaids going to Oman from RO 50 (Rs 5,000) per month to RO 75 (Rs 7,500) with effect from June one.

Explaining the raise in the salaries, Indian Ambassador to Oman Anil Wadhwa said this was necessitated by the inflation and rising cost of living worldwide and particularly in Oman as the wages of Indian household workers have remained static for more than 15 years.

Opec chief insists speculation behind price rises

Opec president Chakib Khelil again blamed speculators for the steep rise in oil prices Saturday, insisting that supply was not a problem.

"There is no problem of supply, the problem is much more linked to speculation," he told a press conference with visiting French ecology and energy minister Jean-Louis Borloo.

He also said the price of oil was closely linked to the exchange rate of the US dollar, which has fallen steeply against other major currencies.

"The consensus is that the crisis is not over and there is going to be a continuing impact on the prices of oil because of speculation," he added.

Russia wants to be reliable energy supplier

Russia is serious about becoming a stable energy supplier to its neighbours and is not out to pursue an imperialist policy, a Russian official said Sunday.

Mikhail Margelov, chairman of Russia's Committee for International Relations, said his country was highly dependent on the European Union which receives most of its crude oil and natural gas exports.

"Russia sells 80 percent of its foreign exports in crude oil and natural gas to the European Union... Russia is very much interested in being a secure and predictable supplier of oil and gas for Russia's partners," he said at a high-level security forum.



Employees of Pakistan Hydro Electric Central Labour Union shout slogans during a protest against inflation and rising oil prices in Lahore on May 26, 2008. World Bank Vice President Praful Patel has said that the country needs to make "painful" adjustments because of high global prices for food, oil and commodities.

India's Sterlite to buy US copper firm Asarco for \$2.6b

India's metals and mining company Sterlite Industries said it has signed a deal to buy US copper mining company Asarco for 2.6 billion dollars.

Sterlite, a subsidiary of British mining group Vedanta Resources, will acquire three open-pit copper mines, a copper smelter and a refinery among other assets, the company said in a statement on Saturday.

"We are delighted to have reached agreement on this important acquisition, which is a significant milestone for our group," Sterlite chairman Anil Agarwal said in the statement.

The acquisition will make Sterlite the world's third largest copper producer.

Thousands rally against fuel price hike in Indonesia

Thousands of Indonesians in several major cities held peaceful street protests on Sunday against the government's decision to hike the price of fuel by around 30 percent.

In Surabaya, the capital of East Java, about 6,000 members of the Hizbut Tahrir Indonesia Islamic movement marched from the governor's residence to a busy commercial area to protest the fuel price hike.

They said the move was a burden for people already reeling from soaring prices for other essentials, ElShinta radio reported.

About 500 members of Hizbut Tahrir Indonesia's chapter in Padang, the capital of West Sumatra province, marched around the city's main market to protest the increase, announced by the government last month, ElShinta said.

FUEL PRICE IMPACT

Telecommuting grows in US

On a typical day, Joanne Senn dresses her daughters for school, feeds her cats and fish, and buckles down to start her job at 7:15 am as an IBM software marketing manager. In her kitchen.

The 46-year-old resident of Austin, Texas, says she spends about 95 percent of her work time at home, where she can consult emails, speak on conference calls with colleagues in Europe and the United States, and share ideas via instant messaging software.

"It's remarkably refreshing not to have to deal with commuting," says Senn, who avoids a daily 25-kilometer (15-mile) drive to the IBM office in Austin. "You can be more focused."

Across the United States, workers and companies are looking at telecommuting as a means to curb transportation costs in the face of record-high gasoline prices.

Some 48 percent of employers offer an option of telework at least one day a week, according to a 2007 survey by the Society for Human Resource Management, an association of company managers.

Other efforts to help cope with soaring costs include four-day workweeks, help in organizing carpools and transportation subsidies, according to the group.

IBM has embraced the notion of telework and similar options since 1992, with positive results. The company says some 40 percent of its global workforce of 386,000 have an option to work from a remote location.

With technology such as virtual private networks, which allows an employee to connect securely to a company's computer network, workers can be equally productive away from the office, says Andrea Jackson, manager of worklife, flexibility and

mobility programs for IBM. "At IBM, we focus on results," she said. "With that in mind it really doesn't matter where you work. We found (a flexible work option) allows employees to be more productive."

Matthew Kazmierczak, vice president for research at the AeA (formerly known as the American Electronics Association), said high energy costs are fueling more interest in telework.

"This is win-win for the employer and the employee, and new technologies allow this to happen in a greater way than in the past," he said.

A 2006 survey by the University of Maryland and Rockbridge Associates found about two percent of US adults telecommute full time, with another nine percent telecommuting part-time.

But it also indicated that the potential for telecommuting could apply to 25 percent of the workforce and that if everyone who could took full advantage of telecommuting, the savings would be at least 3.9 billion dollars.

Charles Colby, president of Rockbridge, said the savings would be even greater now with higher gasoline costs, but that it remains unclear how many people will use telecommuting.

"We may find that people still go to their workplace, but instead opt for solutions such as carpooling or high-mileage vehicles," he said.

Jack Heacock, senior vice president at the Telework Coalition, a group promoting telecommuting, said the practice is moving beyond traditional areas such as call centers to other industries, even in manufacturing, where technology and service workers may be able to perform tasks from home.

"In the last six months we have been getting an increased number of calls from heavy

industries looking at what they can do for their employees," Heacock said.

Heacock said that even though technology exists to allow many workers to telecommute, employers are often reluctant.

"Most employers staunchly believe it is imperative to get to the workplace," he said.

Additionally, he says employers fear complaints or lawsuits from employees if the benefit is not applied equally.

"The employer doesn't want to have to choose between one employee and another," he said. "Policies have to be well thought through and equitable."

Despite the advantages, some point out the downside to telecommuting -- a lack of contact with other employees and workplace friction.

"Telecommuting may be the best solution, but it is going to be a tough sell when business conditions are as weak as they are now," said John Challenger of the consulting firm Challenger Gray & Christmas.

"In a slowdown, managers want all their workers on the front line. As a worker, it is also a bad time to be away from the office. Even if your productivity is equal to or better than that of those in the office, the lack of face-time with your supervisors puts you at a distinct disadvantage," said Challenger.

Timothy Golden, a professor at Rensselaer Polytechnic Institute, said the plans offer "very positive things for the teleworkers themselves," but also can lead to resentment from others who may get stuck with additional tasks. Thus, he says telework must be carefully managed.

"A lot of work today is knowledge generation, it's collaborative, so it's essential for employees to work in teams to be effective together," he said.



People board a Metro train in Washington on May 28, 2008. Across the United States, more workers and employees are looking at telecommuting as a means to save on transportation costs in the face of record-high gasoline prices.

COLUMN

MAMUN RASHID

Public-private partnerships: Opportunities for Bangladesh

Infrastructure continues to be high on the development agenda of Bangladesh. Yet infrastructure investment levels have continually fallen short of what the government seeks and what is necessary for Bangladesh to meet its goals. This situation has worsened in recent years, with the decline in availability of private sector investment for infrastructure. This situation demands new ways for Bangladesh to improve its infrastructure and the much talked about public-private partnerships (PPP) may be a solution.

Using innovative schemes such as PPPs to provide basic infrastructure is essential for countries like Bangladesh to generate the required investments to meet the Millennium Development Goals (MDG). The government plays a great role in PPPs as it forms a means to increase the quantity and quality of infrastructure investment. The problem arises in finding sufficient public funding for infrastructure and in attracting private investors towards infrastructure. For some years the latter was widely seen as a solution to the former, but this is much less the case today, given market conditions.

There have been hundreds of conferences on PPPs and the laws and regulations that



There has been a new type of public-private partnerships in which the public sector essentially outsources the management of a publicly-owned infrastructure asset to a private company. Bangladesh Railway has tried this model to a limited extent.

will facilitate the creation of them. In some 'Organization for Economic Co-operation and Development' (OECD) countries, particularly the United Kingdom, there are wide-ranging PPP programs in place. Yet the results in developing countries, such as Bangladesh, have little relationship to the amount of discussion and promotional activity.

The label "PPP" covers a wide range of project structures, with private and public sectors interacting in different

ways. Some of these structures are new and innovative, and some less so. The PPPs could involve public sector risk mitigation with 100 percent private financing or it could be the opposite with private management and 100 percent public financing. It could also be a mix between the two types of ownership.

Even in the most advanced countries and sectors, private infrastructure projects rarely shift 100 percent of the risk to the private sector. Public sector actors often retain certain

project-related risks that the private sector is unwilling or unable to accept (i.e. foreign exchange risk, change of law, regulatory risk, etc).

Another type of PPP model which is becoming more prevalent in some of emerging markets is one in which the public sector essentially outsources the management of a publicly-owned infrastructure asset to a private company, while maintaining the obligation to finance the capital needs of that company with public sector resources. This

type of model is increasingly popular in sub-sectors in which strategic investors have a reduced appetite for taking investment risks in emerging markets, but where they are still keen on playing an operating/management role. Bangladesh Railway has tried this model to a limited extent.

A variant on this category of PPPs is a blend of public and private sector ownership, where the private sector may not have a majority shareholding position but where the degree of private sector involvement is high enough to provide comfort so that the project will run commercially.

A third category of PPPs involves a mixed public/private financing or ownership. One of the reasons for the low level of activity in mixed private-public financing PPPs is in difficulties surrounding the mixing of public and private funds. Concerns about the political acceptability of privatization in some countries have also spilled over into concerns about these areas.

A target segment for mixed public-private financing can be defined as where the financial return of a prospective infrastructure investment is either negative or below relevant hurdle rates without pub-

lic support, but the net gain to the economy is above an appropriate hurdle rate. The proposed Padma Bridge can be a prime target for such a structure.

Infrastructure is a high strategic priority for Bangladesh. Bangladesh has managed to continue to grow its GDP despite various adversities, but has been finding fewer opportunities to actually finance its infrastructures on the ground. PPPs could therefore become a good opportunity to ramp up the country's financing infrastructure. We can find the right ways to structure PPPs by taking lessons from other countries.

One visible characteristic of most PPPs to date is that they are very knowledge-intensive. Details matter and the structures are generally substantially more complex than for straight privately-financed or publicly-financed projects. A key trade-off is between the time to implement a project, its transparency and political sustainability. These types of projects, which are knowledge-intensive, are in general an area where international institutions have comparative advantage over other local/regional financiers.

The writer is a banker and economic analyst.