International Business News

World's farmers by-passed at UN food crisis summit: IFAP

AFP, *Warsaw*

The world's farmers were bypassed at this week's Rome UN food summit, reflecting a crucial gap in addressing the crisis at its most basic level, the leader of a global farmers' group said Friday.

"It's a reflection of how disconnected and dis-linked our multilateral agencies are, from the situation on the ground," Ajay Vashee, the freshly- elected head of the International Federation of Agricultural Producers (IFAP) told AFP at the close of the 38th World Farmers' Congress in Warsaw, Poland.

"The people who have the ability to actually do something about this crisis were precluded," Vashee said, adding it was a recipe for "confusion and chaos." Uniting 600 million independent family farmers in 115 organisations from 80 countries around the globe, IFAP is the world's largest farmers' organisation. The UN Food and Agriculture Organization (FAO) crisis summit which ended Thursday in Rome pledged 6.5 billion dollars (4.1 billion euros) in emergency food relief and vowed to halve global hunger by 2015 by taking "urgent" action over the global food crisis.

IMF suggests steps to fix Vietnam's 'overheating' economy

AFP, *Sapa, Vietnam*

The IMF said Friday Vietnam should tighten monetary and fiscal policy to fix its "overheating" economy, which has been battered by double-digit inflation and a widening trade deficit.

The communist government should raise interest rates, cut the budget deficit, improve oversight of the banking sector and push market reforms, said International Monetary Fund (IMF) country chief Benedict Bingham.

The IMF representative was speaking at a twice-yearly meeting between the government and foreign donors, the Consultative Group meet, days after several credit rating agencies downgraded their Vietnam outlook.

"Economic conditions have clearly become more difficult over the past year, with the economy overheating in the context of a weakening global financial environment," Bingham told the meeting in the mountain town of Sapa.

Inflation hit 25 percent year-on-year in May, driven by high global energy and food prices, and the trade deficit, fuelled by a surge of imports, widened to 14.4 billion dollars in the first five months, the government says.

Tata plans to drive Jaguar, Land Rover into India

PTI, *New Delhi*

After completing the acquisition of Jaguar and Land Rover from Ford for USD 2.3 billion, Tata Motors Saturday said it is exploring the possibility of bringing the two British marquees to India.

"Like Russia and China, JIR would be exploring the Indian market also. A team will be coming to India to study the market," Tata Motors Managing Director Ravi Kant told analysts in a conference call.

He, however, said the company was not expecting big numbers from the two brands in India.

"As these are high priced products, we should not be putting big numbers. The market is developing and other high priced products like Mercedes and BMW are also doing well in India," Kant said.

Asked if JIR would be adding additional capacity in view of new models XK, XF from Jaguar and other products from Land Rover being in the pipeline, and whether it plans to enter new markets, Jaguar Land Rover CEO David Smith replied in the negative.

AFP

South Korean students march during a rally against US beef imports in Seoul yesterday. South Korean President Lee Myung-Bak insisted he would not re-negotiate a deal on US beef imports that has triggered the biggest crisis yet to face his young administration. The placards read "People judge President Lee Myung-Bak."

China beefs up money inflow monitoring amid trade surplus

XINHUA, *Beijing*

China will increase monitoring of money inflows and banks' foreign currency holdings following a surge in the current account surplus in 2007.

A trade surplus will continue to affect the balance of payments in 2008, but restructuring is starting to take off and will continue, the State Administration of Foreign Exchange (SAFE) said in a report released on Thursday.

The current account surplus, the broadest measure of trade and investment inflows, widened 47 percent year-on-year to 371.8 billion US dollars in 2007, the currency regulator said.

The capital and financial account, a measure of investment inflows, showed a surplus of 73.5 billion US dollars, compared with 6.7 billion US dollars in 2006.

The regulator vowed to keep a close eye on foreign capital inflows as the rising yuan is set to fuel speculation. Oversight of banks' foreign currency borrowing and lending should also be strengthened, it said.

China has stepped up efforts to trim its trade surplus, which is believed to contribute to the 11-year high inflation rate. The consumer price index was up 8.5 percent in April from a year earlier, nearly equal to February's 8.7 percent rise, which was the most since May 1996.

FUEL PRICE IMPACT

Gasoline guzzlers near extinction in US?

AFP, *Chicago*

America's decades-long love affair with monstrously large vehicles may finally be coming to an end, US automakers predicted Tuesday in the wake of a sharp drop off in sales amid high fuel costs.

Large and midsized sport utility vehicles were down 42 and 38 percent respectively in May while pickup sales dropped 30 percent, according to Autodata.

And perhaps more telling: the Ford F-series pickup truck - which has been the top selling vehicle in the United States since 1991 - was dethroned by not one but four Japanese-made sedans.

Ford, which recently announced cuts to truck and SUV production, responded by offering deep discounts to move the trucks off its lots.

General Motors went even further: it announced plans Tuesday to close four truck and SUV plants in North America by 2010, cutting light truck production capacity by 700,000 units to 3.7 million vehicles a year.

"These moves are all in response to the rapid rise in oil prices and the resulting changes in the US, changes that we believe are more structural than cyclical," said Rick Wagoner, GM chairman and chief executive.

"We at GM don't think this is a spike or temporary shift; we believe that it is, by and large, permanent," Wagoner said at a news conference at GM's annual shareholder meeting in Wilmington, Delaware.

Sales of traditional truck-based sport utility vehicles have been falling steadily in response to the introduction of smaller, car-based crossovers SUVs which offer better handling and fuel economy.

Then a slowdown in the housing market stemmed demand for pickups from construction workers and a broad economic slowdown took a bite out of overall sales.

But the real killer has been gasoline prices.

Average prices at US pumps stayed under 1.25 a gallon for all but a few weeks during the 1990s and regularly dipped to a dollar or less.

They shot up to two and then three dollars a gallon in 2005 and currently average 4.07 dollars after three years of intense price volatility.

"May was a watershed month," Jim Farley, Ford group vice president of marketing and communications, said in a conference call.

"We are as an industry catching up with the breathtaking choices customers are making."

In "the most dramatic shift" the industry had seen in two or three months, small and midsize cars represented 47 percent of the US retail market in May, up from just 34 percent in February, Farley said.

"That 13 percent shift three months later represents 1.5 million vehicles," he said. "That's probably six assembly plants for the industry."

Ford now plans to have cars and crossover suvs make up some 57 percent of its 2008 production, with truck and large SUV production down about 10 percent compared with last year.

But Toyota, which has recently introduced a full-sized pickup truck and expanded its offerings to include larger SUVs, said strong demand remains for larger vehicles.

"One month doesn't mean a fundamental change for the entire industry," Toyota Division general manager, Robert Carter, said in a conference call with analysts.

While Toyota has already announced plans to trim truck production, Carter said he is confident that sales will rebound because there is a core group of buyers - like construction workers - who will always need a truck.

"We probably will witness some segment shifts," he said, adding that he expects SUV sales to rebound although it may be at a "reduced level for some time."

Overall industry sales were down 10.7 percent in May, according to Autodata.

GM, Ford and Chrysler - which have been slow to match the more fuel-efficient car-based SUVs introduced by their Asian competitors - were again among the worst hit.

Honda managed to edge Chrysler out of the number four spot in the US market as its sales grew 15.6 percent to 167,997 vehicles in May with a market share of 12 percent.

Chrysler's sales fell 25 percent to 148,747 vehicles as its market share slipped to 10.6 percent.

GM reported a 28 percent drop in sales to and saw its top market share fall to 19.1 percent.

Toyota edged closer to the number one spot in the US with 18.4 percent of the market even as sales fell eight percent to 257,404 vehicles.

Ford's sales fell 16 percent to 217,998 vehicles and its market share slipped to 14.7 percent, according to Autodata.

AFP

A driver fills his Toyota Sequoia SUV with about 21 gallons of regular at mobile gas station. As fuel prices continue to hit near-daily record highs, the average price for a gallon of regular for the rest of the nation is expected to surpass the four-dollar mark within days.

COLUMN — HABIBULLAH N KARIM

Chief adviser's meeting with business leaders: An open letter

I thank you for meeting with the representatives of the trade & industry of the country organized by the FBCCI on 3rd June. The two hours you spent with the several hundred business delegates, I am sure, were very enlightening and refreshing, though the time was nowhere near enough to hear out all the perspectives and ideas of the business community in relation to the political imperatives ahead. Due to the less than 2-day notice, the business leaders could not present a more coherent and structured deliberation for your consideration. However, as the leader of the nation's software and information technology services industry an industry on which the future growth of the nation's economy is inexorably intertwined I feel the measures described below are the crying needs of the hour.

The measures I am proposing are my personal views and are in three broad areas, a) Election Administration b) Building Human Values for a sustainable corruption free society and c) Good Governance.

Election administration is functionally the responsibility of the Election Commission. However, setting the policy and legal framework of the elections or more broadly "people's representation" is the responsibility of the government and the civil society (the latter, in the absence of a parliament). All the good work and well-thought-out proposals of civil society organizations in the last twenty years mostly fell on deaf ears as the political governments were in large part not receptive to ideas and situational analyses that did not suit their partisan motives and goals. During this caretaker government, we are happy to see, many of the civil society formulated doctrines of good governance being implemented. Your leadership and resolve in this respect is highly regarded by all those who love this country and would like to see the nation tread a clear path to becoming a middle-income country in 12-15 years, a vision shared by many.

During this caretaker government, we are happy to see, many of the civil society formulated doctrines of good governance being implemented. Your leadership and resolve in this respect is highly regarded by all those who love this country and would like to see the nation tread a clear path to becoming a middle-income country in 12-15 years.

In the revised Representation of the People Order (RPO) I would like to see six things: 1) Mandatory disclosures by all candidates under affidavit as per recent High Court ruling; any false claim should nullify the candidature without scope for amendments 2) Local governments being given more financial and administrative authority and thereby removing all interferences of members of parliament in local government affairs 3) Setting realistic campaign expenditure limits with the state matching the fund to be raised by the candidate i.e., if the expenditure limit is Tk10 Lac, Tk5 Lac would be raised by the candidate while another Tk5 Lac would be provided by the state 4) President, Speaker and Prime Minister being barred to hold office for more than two consecutive terms 5) All public office holders being barred from involvement in any kind of business directly or indirectly 6) All political parties fielding candidates being registered with the Election Commission and disclosing their sources of funding and full accounts annually.

Building human values, I believe, has a direct correlation with the sustainability of the anti-corruption drive of the present caretaker government. In this area I have the following suggestions: 1) Introduce lessons on ethics and morality grounded in reality in every class starting from class I; 2) Introduce mandatory 'human values' camps or workshops in all universities and other institutions of tertiary education with special emphasis on decoupling 'student government' activities from national politics (the phrase 'student politics' should be altogether banned from usage) 3) Popularize scouting and other inter-school/university extra-curricular activities such as sports, debating and others that help build character and leadership 4) Whistle blowers in public service must be given protection of the state to encourage honest servants of the republic to come forward and expose the corrupt.

Finally in the area of good governance my suggestions are: 1) In all places of public transactions there should be black and white posters cautioning people against bribery, reminding people the punishments for acts of bribery and where to complain in case of rent-seeking and unprofessional conduct 2) Introduce e-government by initiating the process of outsourcing all transactional functions of ministries & departments; this will vastly improve service delivery performance, transparency and accountability 3) Introduce the system of senior services pool (SSP) (which was abolished by President Ershad and has crippled the bureaucracy since) and provide extensive training to the members of the SSP to ensure high levels of leadership, communication, negotiation and decision-making skills in the top government functionaries 4) Re-align all government machinery to the economic agenda of the nation such that economic considerations are held supreme over any other. The goal is to make government pro-business and pro-economy such that all government policies and programs are guided by job-creation and GDP-improvement considerations.

This humble citizen believes that with the implementation of these modest but concrete measures the caretaker government can leave behind its indelible imprint on the most successful reforms in governance the country has seen since its blood-drenched birth thirty-seven years ago.

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