

International Business News

Vietnam to freeze new golf courses to protect rice farms

AFP, Hanoi

Communist Vietnam plans to restrict the growth of new golf courses encroaching on rice farms to ensure national food security and protect thousands of poor farmers, state media reported Monday.

More than 140 golf courses, either operating or in the planning stages, would take up almost 50,000 hectares (more than 120,000 acres) of land, said the Vietnam News daily quoting a Ministry of Planning and Investment report.

New golf courses had been licensed at a rate of more than one per week since early 2006, when foreign investor interest surged in the "emerging tiger" economy, which saw growth of 8.5 percent last year.

But now, as food prices are sky-rocketing amid double-digit inflation, the government is planning to freeze new courses that do not meet land-use criteria and environmental protection requirements, reports said.

"Local governments should cease issuing new golf licenses if the projects are built on land which is currently used to cultivate two rice crops a year," the ministry report said according to the Vietnam Investment Review.

Vietnam currently has only 13 operating golf course projects, but new licenses have mushroomed recently, especially near the northern capital Hanoi and around the southern business hub of Ho Chi Minh City, the report found.

Long An province, near the former Saigon, had issued 18 licenses, and state-owned companies had also asked for permission to build many courses, with shipbuilder Vinashin alone planning five golf projects, it said.

Unilever announces sale of American detergents to Vestar

AFP, Paris

The Dutch-British food to household products group Unilever said on Monday it was selling its detergents businesses in the United States, Puerto Rico and Canada to investment fund Vestar for 1.45 billion dollars.

Payment would be in the form of 1.075 billion dollars (917 million euros) in cash and 375 million dollars in shares, Unilever said.

Vestar would add the activities to its existing detergents business Huish Detergents into a new company to be called The Sun Products Corporation (Sun Products).

Last year the Unilever activities concerned had sales of 1.0 billion dollars.

On the Amsterdam stock market, the price of shares in Unilever rose by 0.80 percent to 18.85 euros in initial trading. The overall index of leading shares showed a fall of 0.49 percent.



Pakistani stockbrokers rest at the Karachi Stock Exchange (KSE) yesterday. The benchmark KSE-100 Index finished the day at 10578.49, down 453.68 points.

Britain's first sharia-compliant insurance firm launched

AFP, London

Britain's first sharia-compliant insurance company was launched Monday, offering motoring policies in line with the Islamic legal code.

Salaam Halal insurance uses Takaful principles, whereby the risk is spread between all policy holders. In contrast, conventional insurance policies shift the risk from the policy holder to the insurance firm.

People taking out a policy with Salaam Halal pay contributions into a pool, with that money then put into sharia-compliant investments -- avoiding companies that are involved in alcohol or pay interest.

The central pool of funds is used to pay any claims that arise, and at the end of the year, if the pool is over-funded, the excess will be distributed back to policyholders through a discount on their next premium.

The policies are aimed at Britain's 1.6 million Muslims, who constitute 2.7 percent of the total population, according to the 2001 census.

Emirates superjumbo highlights rapid growth in Gulf air travel

AFP, Dubai

Dubai carrier Emirates underscored the rapid growth of air travel in the oil-rich Gulf region on Monday as it takes delivery of its first Airbus super jumbo, the world's largest civilian airliner.

Chief executive Sheikh Ahmad bin Saeed al-Maktoum, in the German port city of Hamburg to collect the A380, also announced the airline has signed a letter of intent to buy 60 more planes from the European manufacturer.

The government-owned airline is already the largest single client of the A380, with a firm order for 58 planes in deal worth about 18.8 billion dollars based on list prices.

Emirates' new arrival will be put straight to work, with non-stop flights to New York starting on August 1.

"A380 will represent... one of the essential pillars for Emirates' growth in the future," Sheikh Ahmad said on Saturday.

ECONOMY

After boom years, inflation bites Vietnam

AFP, Hanoi

Hit with Asia's highest inflation rate and a surprise 30 percent hike in petrol prices last week, some Vietnamese are rediscovering bicycles and the frugal lifestyle of bygone years.

Galloping consumer prices -- fuelled by record global oil, food and commodity costs -- have rocked many countries, but few have been hit harder than Vietnam, where inflation topped 27 percent year-on-year in July.

For many people here the surging cost of living is the first real economic setback since the communist country emerged from the lean post-war years of hyper inflation and food queues to enjoy 15 years of solid economic growth.

"Now I feel like my money is being stolen every day," said Tran Ngoc Duong, 30, a Hanoi state employee and mother of one. "I spend about one third more than I did last year when I go shopping for my family."

More than 90 percent of Vietnamese now worry about high food prices, according to a recent survey by market research firm Nielsen, which listed people's other top concerns as high petrol prices and their children's well-being.

The survey, released Friday, also found that, while people remained optimistic about the future, 60 percent said they were shopping less, and many had abandoned supermarkets to bargain for groceries on local markets.

While most middle-class Vietnamese are still coping -- albeit grudgingly -- with the rising gap between income and outlay, for others, especially the urban poor, runaway inflation is far more serious.

Development experts say inflation threatens to reverse Vietnam's impressive poverty reduction from 58 percent in 1993 to around 15 percent last year.

"A lot of people now aren't counted as poor, because they're above the poverty line -- but they're not above it by much," said Scott Cheshire, a former UN Development Programme economist.



Female workers from Hanoi's Thang Long industrial park make way to their factory on the outskirts of Hanoi recently. Daily life of hundreds of thousands of labourers like these women got harder in recent months, as the surge in global food prices swept through Vietnam, where inflation topped 27 percent year-on-year in July.

"So if rice goes up, meat goes up, petrol goes up, they start to get into difficulties."

In some coastal villages, media reports say, family-run fishing boats have stayed onshore because the cost of filling their fuel tanks is greater than the profit they could hope to make on a voyage into the South China Sea.

Industrial unrest has been on the rise, with more than 300 strikes reported in the first quarter alone, reportedly prompting Taiwan's chamber of commerce last week to urge Vietnam to ensure workplace stability.

The last time inflation hit this level was in the early 1990s, when Vietnam was launching its "doi moi" (renewal) market reforms in earnest, setting off a period of annual economic growth of seven percent or more.

Experts say Vietnam's economy has overheated, with too much new capital chasing too few investment projects and driving up inflation, which first hit double digits last November.

Monthly inflation growth had started to slow somewhat -- but last Tuesday state-run oil companies hiked petrol prices by 31 percent to

19,000 dong (1.15 dollars) per litre and also raised diesel and kerosene prices.

People worry that the sharply higher fuel costs will drive up the cost of everything from motorcycle-taxi fares to a bowl of noodle soup, and for many, belt-tightening has become a new way of life.

Some people are giving up their Honda Dream, Wave and Future scooters -- the ubiquitous symbols of Vietnam's economic success -- and are flocking to buy bicycles, which ruled the streets here until 20 years ago.

Many couples planning to marry in

the autumn wedding season are cutting back their guest list, as the costs of venue hire, banquets, and hairstyling have all doubled since last year, The Nation newspaper reported.

A popular rhyme circulating by email on office computers looks with wry humour at life in the times of double-digit inflation.

"I take you to school on my bicycle," it reads, describing a world where "helmets are suddenly useless," "dogs will run through the streets with the old men" and "my mother races her electric bicycle."

"Life in the fuel-saving period is so simple and romantic."

COLUMN

MAMUN RASHID

Resourcing our future

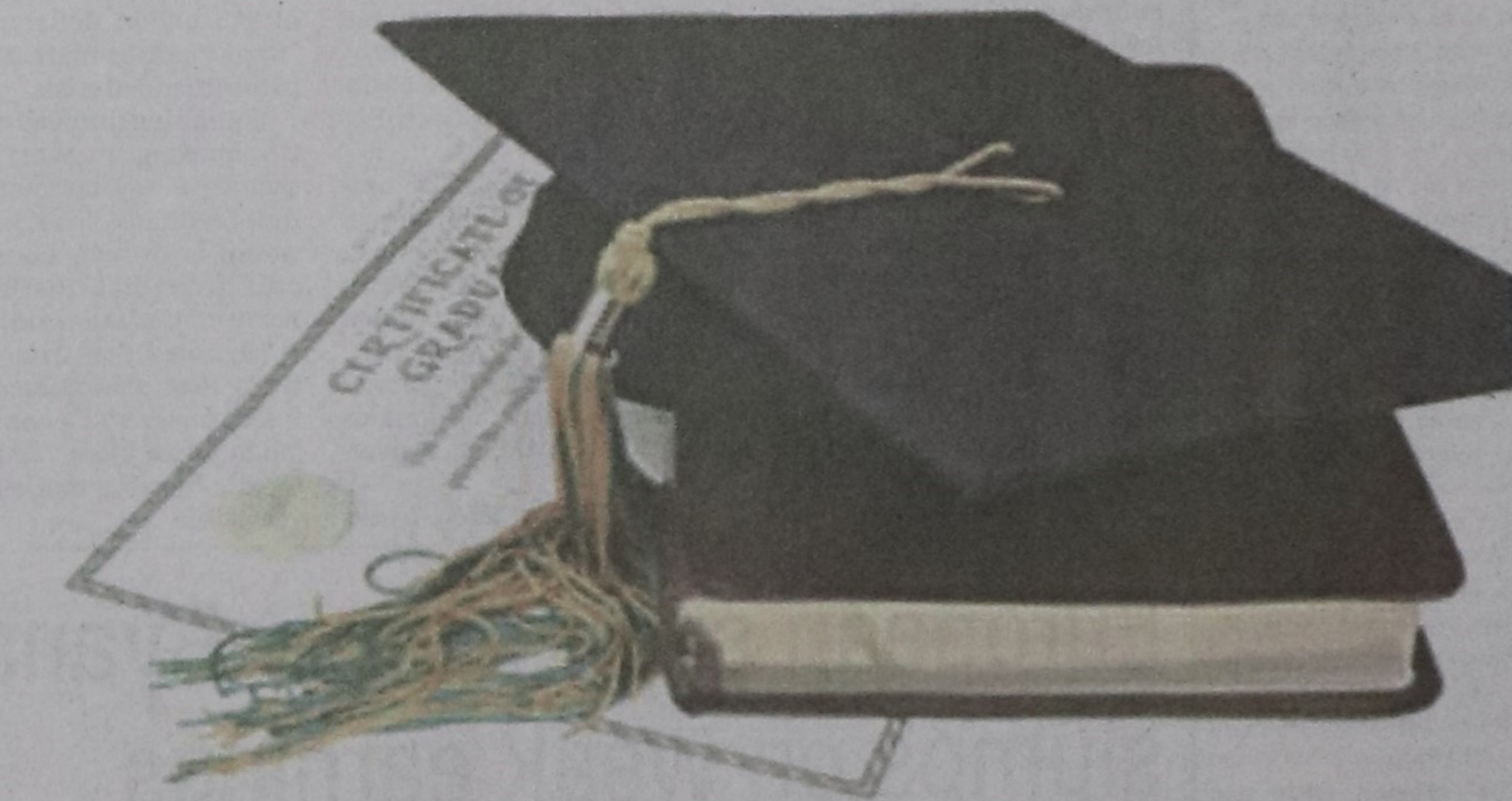
As Henry Ford says, "When everything seems to be going against you, remember that the airplane takes off against the wind, not with it." Building a nation can be a rather Herculean task. America was not built in a day as one of the most powerful nation or Japan, a country from rags to riches story, within just a few decades. Since the dawn of our elastic civilisation, it is people who have carried it forward and given it the shape that it has taken today. And it is people who will continue to shape it tomorrow.

Bangladesh, as battle ridden as it is, courtesy of being born into the club of Least Developed Nations, has not been directing enough attention to the human resource factor. We fail to notice the achievements of the few individuals who are really pushing this country forward.

The country has a steady Gross Domestic Product (GDP) growth of over 5 percent for the last decade. We have increased our presence in the global arena and our voice is heard loud and clear in all global forums. In spite of all odds, the economy is growing, business houses are making more profits year on year, and new international business houses are sniffing around or have already established their presence in the country.

Still, why the fear and the confusion?

During visits to some of the ministries or any government official or the business houses, we have often found people having a much more positive insight about the potential of Bangladesh. We may be able to bring more investment to the country but we are short of skilled labour force. This is the tragedy. Although our country may have a huge growth



potential but we are seriously in short of able resources that can shape up the future.

Bangladeshis have an uncanny habit of being proud of only the past. It's a nation that is only 37 years old. The hangover of the joy of liberation should be there with promises of an even better tomorrow. In spite of dictatorship under which democracy suffered and the greedy politicians, we have now reached a position where expansion and growth is inevitable courtesy of the initiated few.

The need for a robust destination model stemming from micro culminating into macro management and appropriate resource planning cannot be underestimated to reach economic emancipation. However there seems to be an acute mismatch

between the talent that is needed by the growth engines and the talent minted out of the education system of our country.

Children of the baby boomers are today running the world. Yet our country is still run by retired personnel, called back into service, or by near-retired personnel. Until we can bring about sweeping reforms into our education system, we can continue looking for a plethora of other means, but these will bear little fruit. Syllabuses need to be revamped up and teachers need to incorporate global standards in what they teach the students. One Institute of Business Administration (IBA) is not enough. We need a multiplicity of such educational institutes that can disseminate the best of knowledge.

Look at what the Indian Institute of Technology (IIT) and Indian Institute of Management (IIM) have done for India. The government gives utmost importance to these institutes. In Europe, many countries offer higher education for free, ensuring continuity in intellectual think tanks.

If we look at India, it's the sheer willpower, the determination, and participation of people from all ranks that has placed them where they are. Today, Non-Resident Indians (NRI) as a group pump in billions of dollars into their motherland's economy. India has given the world Laxmi Mittal, Paul Swaraj, Sabar Bhatia, Azim Premji, Victor Menezes, Narayanmurthy, all of Indian origin.

Look at Dr Moyeen Qureshi of the

World Bank or Shaukat Aziz from Citibank, both fostering Pakistani talent to pull into their country if the need ever arises. How do we fare against this comparison?

In the business sector the government has identified few thrust sectors. Interestingly it is the government sectors that have the power to initiate and bring about change. Increasingly there is a trend for better educated students to join the private sector, creating a vacuum of talent in the public sector, to guard themselves against corruption which arises out of being underpaid and not receiving enough incentives.

Yet that cuts a sorry figure since the public sector is where the policies guiding the country stem from. Without adequate knowledge-equipped individuals to formulate policies, the country can never move in the right direction.

One of the ways to let Bangladeshis gain from external knowledge can be to foster exchange programmes and invest intensively in education. Why should we always have to look to the outside world for expertise? Mutual agreements between governments of the US, the UK, and India can pave the way for a steady stream of students to be sent to the top schools with a guaranteed return to country. Favouritism should not be tolerated while selecting such students. For those who decide to stay abroad, utilise them; make them proud enough to be the ambassadors of our country. Utilise the already existing executives. There is so much out there. So many opportunities. We just have to go get it. And we can.

The writer is a banker and an economic analyst.