

## International Business News

## Philippine inflation hits 17-year high

AFP, Manila

Inflation in the Philippines surged to 12.5 percent in August, a 17-year high, the government said Friday, warning that the rise could impact economic growth targets for this year.

The National Statistics Office also revised upward the inflation rate in July to 12.3 percent from 12.2 percent.

This brought the average inflation rate for the eight months to August to 8.8 percent.

"This figure is within (the National Economic and Development Authority's) inflation forecast of 12.1 to 12.7 percent," said its director-general Ralph Recto.

"But with this trend, meeting the 5.5 percent growth for the year would be a tough challenge, though it remains our fighting target," Recto said in a statement.

Soaring food and energy prices have already slowed economic growth to 4.6 percent in the first half, down sharply from more than seven percent for the whole of 2007.

"Annual inflation rates were higher in the commodity groups except in the food, beverages and tobacco index," the statistics office said in a statement.

The news sent Philippine shares prices 1.1 percent down at Friday's close.

Goldman Sachs told Dow Jones Newswires it expects the central bank to raise its key interest rates by 25 basis points this year, probably on October 9, to rein in inflation.

## US govt to take over mortgage giants

AFP, Washington

The US government is planning to put under strict federal control troubled mortgage giants Fannie Mae and Freddie Mac, fire their top executives and use federal funds to bail them out, US media reported on their websites late Friday.

Fannie Mae and Freddie Mac, government-chartered, shareholder-owned firms that provide liquidity to the housing market, have been whipsawed by the financial meltdown in the past year, losing some 90 percent of their value on fears of losses from mortgage defaults.

A law enacted in July gives the US government the authority to buy shares or offer liquidity to the companies to keep them afloat, averting what some fear could be a major shock to an already fragile global financial system.

The Washington Post said the plan calls for placing the firms in a legal state known as conservatorship.

That means the value of the company's common stock would be diminished but not liquidated while the holdings of other securities, including company debt and preferred shares, would be protected by the government, the report said.

## Nokia shares plunge after market share forecast cut

AFP, Helsinki

Nokia, the world's leading mobile phone maker, on Friday cut its third quarter market share guidance, sending its share price tumbling.

Nokia shares plummeted 9.9 percent to 14.15 euros (20.18 dollars) following the announcement.

"Nokia now expects its mobile device market share in the third quarter 2008 to be lower than in the second quarter 2008," the company said in a statement.

Previously, the mobile phone maker had forecast its market share to remain more or less on the same level, quarter-on-quarter.

Nokia said it had faced aggressive pricing by its competitors, while it had had problems ramping up production of its new mid-range cellular phones.

"We expect the product launches and start of shipments to be on track during the remainder of the third quarter and the fourth quarter 2008," it said.



A pedestrian walks by a vending box for a job listing newspaper on Friday in the Brooklyn borough of New York City. US unemployment jumped to a five-year high of 6.1 percent as 84,000 jobs were slashed in August, according to data released on Friday which analysts said highlights recession-like conditions.

## India's new central bank governor pledges to battle inflation

AFP, Mumbai

India's new head of the Reserve Bank of India took office on Friday, pledging to wrestle down inflation riding at 13-year highs.

Duvvuri Subbarao, who was appointed for a three-year term to succeed Yaga Venugopal Reddy, told reporters at the Bank's headquarters in Mumbai: "My immediate priority is to manage and anchor inflation."

Reddy, who is retiring, steered India's aggressive monetary tightening cycle, which began in late 2004.

Subbarao takes charge with India's annual inflation rate at its highest level since the current inflation series began being compiled 13 years ago.

On Thursday, India's inflation slowed for a second straight week to 12.34 percent. But the figure was still far above the central bank's target of seven percent for the fiscal year to March 31, 2009.

## HOTEL

## Libyan magic transforms banks of the Nile



Members of a Sudanese family, left, walk in the shadow of the newly opened Burj Al-Fateh hotel in Khartoum. Sudan's flashiest hotel brings the flair of Moamer Kadhafi and Italian luxury to a struggling capital. AFP



AFP, Khartoum

With its panoramic views of the Nile but also of mud homes sinking into flooded swampland, Sudan's flashiest hotel brings the flair of Moamer Kadhafi and Italian luxury to a capital struggling to keep up.

Burj Al-Fateh Hotel -- 18 floors of steel and glass shaped like a sail -- is a nine-year Libyan dream turned architectural icon that cost 190 million dollars.

Financed by Lafico, the Libyan Foreign Investment Company, and designed by Italian architects, its 230 rooms, conference facilities, mall, restaurants, sports centre and spa set new standards of luxury in Sudan, staff say.

"The high quality hotel is a landmark which is able to inject new economic and social life into the local community and, in particular, the service sector," said Lafico project director Emhemmed Ghula in an email to AFP.

The hotel has already been dubbed Kadhafi's ball by bawdy Khartoumites -- it has the same double meaning as in

English -- after the Libyan leader known for his wacky Arab nationalism.

That nickname is not appreciated by Ghula, who distanced Libya's state-run Lafico from one of the longest-serving leaders in Africa.

"There is no connection whatsoever with any member of the leader's family with this company," he said.

In the nine years since Libya first dreamt up the project for its oil-rich north African neighbour, relations between the Kadhafi regime and Washington have undergone a seismic shift of the sort many would like Khartoum to emulate.

In 2006, the United States dropped Libya from its list of state sponsors of terrorism -- Sudan is still listed -- two years after Kadhafi announced he was abandoning efforts to acquire weapons of mass destruction.

The final obstacle to full

Libyan-US rehabilitation came just days before the Burj inauguration ceremony, when Tripoli and Washington on August 14 signed a compensa-

tion deal for US reprisals and American victims of Libyan attacks.

Libya's wings of foreign investment have spread wide, and the hotel's management describes the Burj as a "gift from the government of Libya to the government of Sudan" to strengthen ties between the two.

It stands adjacent to the Chinese-built Friendship Hall, another Nile-front gift from another government, controversial in the West but intrinsic to the Khartoum boom.

Sudan is on the cusp of a potentially turbulent storm, however.

President Omar al-Beshir, who cut the ribbon at the hotel opening, faces a possible international arrest warrant for alleged genocide, crimes against humanity and war crimes in Darfur.

Such a development would ensure his regime is treated as an international pariah, and Beshir warned last week that any International Criminal Court (ICC) proceedings against him would deter foreigners from investing in Sudan.

With the panache of a US marketing expert, he extols the

virtues of the hotel rooms and of a burger he says cannot be beaten by the local competition.

"We are so certain we're going to make so much money out of this. There is definitely a risk -- a risk in the political stability -- but those risks are calculated," said American-Lebanese marketing manager Wissam Khalek.

Sudan has been exporting oil since 1999, and for now at least there is little outward sign of a slowdown in a construction boom fuelled by Arab, Chinese, Indian and Malaysian investment.

Lafico has already begun work on a new tower of luxury serviced hotel apartments with an upscale family leisure centre and revolving restaurants budgeted at 66 million dollars.

The intricate web of unrest, politics and business opportunities is second nature to Khalek, steeped in a backdrop of civil war in Lebanon where Beirut's Commodore Hotel made a packet from journalists covering the conflict.

With the panache of a US marketing expert, he extols the

Ghula said. "Such building requires a lot of special trade and material and nothing can be found in Sudan. Everything had to be outsourced from abroad."

The Burj al-Fateh Hotel also has a French chef.

At Le Grill the steak comes from Australia and that burger will set you back 70 dollars. The Asian restaurant on the 18th floor, bizarrely called the Rickshaw, boasts breathtaking views.

The mall opens in December, and Khalek insists the shops will be top end only, "catering to a certain client base".

The Central Intelligence Agency factbook estimates that 40 percent of Sudanese live in poverty. Only a tiny elite can afford a coffee, let alone a hotel suite or 2,250 dollars for annual gym membership.

Certainly the hotel remains beyond the reach of those on Tutti Island whose homes flooded by the August rains can be seen from the top-floor restaurant. That land is earmarked for further Burj-style development.

"It was not easy at all. Sudan lacks the infrastructure,"

## COLUMN

## Freedom must be tempered with wisdom

Those of you who read this column will recall that I have a ten month old son, Yazdaan. I do get odd looks when I go around with him. People wonder and find it difficult to comprehend that it is quite okay to have a child at my age, even though our eldest is a lanky 22 year old.

Just as he crossed from nine to ten months, Yazdaan learnt to crawl. Suddenly he has found a new sense of freedom, to roam and explore the house. Going around the rooms, having the fun of his life and making ga-ga sounds, he is a bundle of fun and hardwork for all of us. You have to be constantly on the lookout for what is he up to. His favourite game is now to pick up and drop things, the choice being telephone sets.

Our daughter, when she was about this age, did the same thing. One day, the telephone handset went missing.

Searching the whole house did not yield the set. Later, as soon as the washing machine was switched on, there was a noisy racket and we thought the machine was breaking down. Pulling out the wet and sodden clothes, we found the handset, wrecked beyond repair, having gone through the spin and tumble and making all that noise. During her romp around the house and finding the open door of the washing machine, our daughter had put the set in, part of her play.

As I watch my child dash around, I bear in mind how important freedom is in an organisation. We are born with this sense of freedom. We want to contribute to the well being, to the growth of the company. We want to test our creativity, our innovative spirit and we want to be part of an organisation which will value our freedom to contribute.

I am sure many in the corporate world know our venerable Monower Ahmed, an HR stalwart, having retired, a well known consultant. I was privileged to have him visit us. As we talked over tea and 'daal puri', Monower Sir shone light on today's up and running professionals. There is a wealth of daring-to-go profes-

sions which have a good image, and where career and personal development is given due importance.

The world has changed. It isn't company loyalty that drives today's talents to stay anymore. They want to be heard, their freedom to create and contribute, to be accepted. They want the top position at

an early age, not willing to mellow their short lived experience to wisdom. I guess this is something to do with age. I recall when I was made head of the agro business I was in my mid thirties. You had that spark in you then when you think you can conquer the world and you know everything. Most things looked either black or white.

## SARWAR AHMED

## SOCIETE GENERALE Corporate &amp; Investment Banking

During an argument with our landlord where I resided, a retired man, he would say, "Take it easy, calm down young man. Life is not black or white. There is a lot of grey around."

And at that age, I would mutter, an old man with his mumblings. I now value that wisdom, that life indeed has so many shades of grey and brilliant colours too! This wisdom was not spelt out in any business school course. You need to be in close touch with business reality to acquire this wisdom. And this of course needs and takes time.

Young age also makes you take risks, which is fine. However, these risks have to be calculative to bring good, and not hamper the business. Recall how the Barings Bank (1762 - 1995), the oldest merchant bank in the City of London and the British Queen's personal bank, was brought down by a 28 year old

bright management employee, Nick Leeson. He lost \$1.4 billion and the bank was led to bankruptcy. ING, a Dutch bank, purchased Barings Bank in 1995 for the paltry sum of £1 and took over Barings' liabilities.

And the latest, early this year, the French bank, Societe Generale was hit by massive fraud by a 31-year-old Frenchman, Jerome Kerviel, which resulted in a loss of \$7.1 billion. You shudder to think of the scale of risk taken and the eventual catastrophic outcome.

Just as much as Yazdaan would like to bring down the whole house, he is being told and he is learning, that he cannot do this. Freedom has to be tempered with wisdom. Only then will we see the benefit of freedom.

The writer is the managing director of Syngenta Bangladesh Ltd.