

International Business News

India, Pakistan resume Kashmir trade after 60-year freeze

AFP, Salamabad

India and Pakistan began trading between their respective parts of Kashmir for the first time in six decades on Tuesday, raising hopes of a drop in tension in the disputed Himalayan region.

A convoy of 13 trucks carrying mostly apples set off on a historic trip to Pakistani Kashmir from the Indian-zone of the divided state, with 14 trucks packed with Pakistani fruit making the journey in the opposite direction.

"It is a historic day which will surely help the economy of both parts of Kashmir," said Indian Kashmir's Governor N.N. Vohra, as he flagged off the convoy from Salamabad, 12 kilometres (seven miles) from the Line of Control.

"I hope it will herald peace in the region," he said of what officials on both sides hope will be a twice-weekly trade.

Speaking on the other side of the heavily militarised border, Pakistani Kashmir's Prime Minister Atiqur Rehman said he also hoped the event will "help make headway towards resolving the Kashmir issue."

School children and people on the Pakistan side raised slogans "Kashmir will become Pakistan," and "Long Live Kashmir freedom movement."

Gap between rich, poor growing, OECD finds

AFP, Berlin

The gap between rich and poor has grown in most developed countries over the past 20 years, leading to an increase in child poverty, an organisation of 30 leading economies said in a report Tuesday.

"The gap between rich and poor has grown in more than three-quarters of OECD countries over the past two decades," said the Organisation for Economic Co-operation and Development (OECD), an influential policy forum for 30 top world economies.

Economic growth of recent decades had benefitted the rich more than the poor, it said in the report entitled "Growing Unequal: Income distribution and poverty in OECD countries."

Across the OECD countries, the average income of the richest 10 percent of people was, on average, "nearly nine times that of the poorest 10 percent."

Canada, Germany, Norway and the United States were most affected by the widening gap between rich and poor, while Greece, Mexico and Britain had seen a shrinking gap, the study found.



Mahindra and Mahindra Chairman Keshub Mahindra (L) poses with Indian Petroleum Minister Murlidhar Deora (R) in front of a Mahindra Micro Hybrid Utility vehicle at a ceremony in New Delhi yesterday. The Indian automobile manufacturer has launched a 'FuelSmart' system which embraces 'Micro Hybrid Technology'.

Japan ready to inject funds into major banks

AFP, Tokyo

Japan is ready to inject public funds into big or small banks if they fall victim to the credit crunch, the country's economic and fiscal policy minister said Tuesday.

"The government will inject capital so that financing for small- and mid-sized companies does not deteriorate," Kaoru Yosano told reporters. "I see no reason to draw a line between big and regional banks."

Japanese lawmakers are considering reviving a law that would lay the groundwork for capital injections for regional banks if they experience financial difficulties due to the global credit crunch.

Japanese banks have not been as severely hit by the global financial crisis as many of their Western peers.

But Japan, which has the world's second biggest economy, has stepped up its efforts to shore up the financial system following a recent plunge on the Tokyo stock market and the collapse of a mid-sized life insurer.

Skilled labour shortages could hurt Asean economies: ILO

AFP, Singapore

Southeast Asia's economies will suffer if a growing shortage of managers and skilled professionals is not addressed, the International Labour Organisation warned Tuesday.

The shortages were no longer limited to multinational companies but were affecting an increasing number of local firms wanting to expand globally, the ILO said in the report entitled "Labour and Social Trends in Asean in 2008."

"If these skills shortages are not addressed, they will constrain enterprise competitiveness and Asean's future development," it said, citing a lack of managers and skilled staff in the information technology and finance sectors.

Asean is the Association of Southeast Asian Nations, whose membership ranges from wealthier states like Brunei, Malaysia, Singapore and Thailand to poor countries like Cambodia, Laos and Myanmar.

The other Asean members are the Philippines, Indonesia and Vietnam.

REAL ESTATE

Customer comes first

Housing secretary speaks to The Daily Star about the new ordinance

KAWSAR KHAN

As soon as the new real estate ordinance was approved in principle by the cabinet in late July, industry leaders began to oppose the law, saying it would destroy the sector that contributes around eight percent to the GDP.

On the opposition from the sector people, Housing and Public Works Secretary ASM Rashidul Hai said most real estate companies who are opposing the ordinance are small in size and some are engaged in malpractices to meet their fund crisis.

"When a real estate company has a capacity to start a single project, it undertakes several ones, funding of which is managed by stopping the running project that ultimately delays the delivery of flats and plots to customers," he said.

"Representatives of some big real estate firms welcomed the ordinance calling me personally and saying that the malpractices by some companies are also tainting the image of the whole sector. They also expressed hope that the new regulations will stop any malpractice," Hai said in an exclusive interview with The Daily Star.

Talking about why there has been much discussion on the ordinance, Hai said: "Since the realtors are well organised, they can create chaos by organising talk shows and roundtables. But, although the number of customers is big, they are not organised to carry out such activities."

The official said it is the government's responsibility to take a stand in favour of the



ASM Rashidul Hai

customers who often are being cheated by the real estate companies.

Some realtors said there was no need for a separate ordinance to regulate the sector since there are already some laws to deal with the sector. Responding to the approval of the ordinance, the Real Estate and Housing Association of Bangladesh (REHAB) has run

some advertisements in different newspapers clearing its position over the issue and opposing the draft.

Roundtables, talk-shows and seminars were also organised.

In those advertisements, talk-shows and seminars, the government had been accused of drafting the Bangladesh Real Estate Management

“ Without the non-bailable provision, the law cannot be strong enough because in such cases the rich will commit offences and get off the hook by paying fines ”

Ordinance 2008 to "obstruct the progress of the sector".

About the circumstances that led the government to undertake the ordinance, the housing ministry secretary said: "It's a long lasting problem that the customers don't get plots and flats in time, and sometimes they are deprived of the standard quality."

"These issues drew attention of a parliamentary committee of the previous government in 2005."

Since expectation of the common people to the present caretaker was very high, there had been a chorus of complaints by customers against the developers after the government took over, he said.

Following the allegations, the government directed the housing ministry to do something in this regard, the secretary added.

"During drafting the law, we held a meeting on June 18 between more than 50 REHAB

members and 200 sufferers. The meeting was organised to get the sector people's and the sufferers' views," he said, dismissing a REHAB allegation that the ministry did not discuss the issue with them prior to drafting the ordinance.

At the meeting, REHAB gave some written proposals, some of which were incorporated in the ordinance, Hai said.

"Their argument is that the government should exclude the provision of jail terms and financial penalties in case of violation of laws," he said.

But without this provision a law cannot be strong enough because in such cases the rich would commit offences and get off the hook by paying fines, the housing secretary said.

The developers and some other people who are not directly related to the sector also criticised the draft for inclusion of non-bailable arrest, and termed the provision inhuman. They demanded the government

change it.

When the secretary's attention was drawn to this issue, he supported the law. "There is no law in the world which can restrict judges from giving bail to an accused. But if a law is mentioned bailable, the court will be bound to allow bail."

In such cases the act will not bring any fruit, as after getting bail the accused will try to make the case lengthy, he said.

He expressed optimism that the draft ordinance, which is now at the law ministry for vetting, would be able to protect customers' rights to a large extent and bring discipline to the real estate sector.

He also said only a few people are engaged in unfair means. Most businessmen in the sector are good and honest, he said.

"Sometimes the realtors place so lucrative offers which are never possible to fulfil. After the law is in effect, those companies will be cautious in giving such irrational offers," he added.

He also said the government has already changed the term that the realtors will have to go behind the bar if they fail to provide utility connections to a building before delivery. "The company people will not have to go behind the bar if they can ensure that they have applied duly to the authorities and it was not their fault for not getting the utility connections," he said.

He said enactment of the law would not destroy the sector rather will help it grow. "The government is a facilitator. It doesn't work to destroy any sector."

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FINANCIAL CRISIS

Hopes grow that worst is over

AFP, Paris

Optimism grew Tuesday that the global financial crisis was being brought under control as stock markets surged in expectation of another government spending package to kick-start the US economy.

Markets in Europe, Asia all enjoyed bounces as the head of Australia's central bank said the danger of a "global catastrophe" had decreased after world governments intervened to boost liquidity and confidence.

"At moments like this, it is hazardous to make predictions," said Reserve Bank of Australia Governor Glenn Stevens.

"However, it seems to me that the key elements of dealing with the root issues in the crisis are starting to come into place."

US President George W. Bush said Monday he thought the "near panic" was easing as government-led economic rescue efforts paid off.

"I have heard that people's attitudes are beginning to change, from a period of intense concerns -- and I would call it near panic -- to being more relaxed."

People are "beginning to see the effects of changes and the liquidity that is being pumped in the system."

Stock markets have been through a rollercoaster ride in recent weeks and initially responded coolly to packages designed to prevent banks from collapse and encourage them to begin lending to each other again.

With the packages now beginning to kick in, stock markets have begun to recover



German stock trader Simone Wallmeyer looks on as the board shows the day's evolution of the DAX in Frankfurt. Stock markets in Europe and Asia enjoyed bounces as the head of Australia's central bank said the danger of a "global catastrophe" had decreased after world governments intervened to boost liquidity and confidence.

some of their recent losses.

After Wall Street's main Dow Jones index gained 4.67 percent on Monday, stocks in Tokyo were up by 3.34 percent while all the main European markets enjoyed gains in early trading.

French gained 1.97 percent in early trading, Frankfurt 0.81 percent and London was more than one percent up before

easing back to stand 0.06 percent down.

Analysts said markets were responding to remarks by the US Federal Reserve chairman, Ben Bernanke, in favour of a plan to stimulate the US economy, and supporting remarks from the White House.

"With the economy likely to be weak for several quarters and with some risk of a pro-

tracted slowdown, consideration of a fiscal package by the Congress at this juncture seems appropriate," Bernanke told a Congressional committee.

The US government announced a 700 billion dollar bank bailout plan last month that was later dwarfed by European guarantees to the financial sector worth more

than a trillion dollars.

However unease in the banking sector was hardly helped by news that an executive for Chinese government-backed investment firm Citic Pacific had made improper currency bets that could lose the firm up to two billion US dollars.

Citic shares hit a 10-year low on the news.

The latest example of state intervention came in South Korea where the government said it would spend around five trillion won (3.78 billion dollars) to boost the slumping construction industry.

The government has already unveiled a 130 billion dollar package to stabilise local financial markets.

The construction plan is the first of its kind since the East Asian financial crisis a decade ago, illustrating the depth of the downturn.

The crisis has triggered growing calls for an overhaul of the global financial system with French President Nicolas Sarkozy persuading Bush at the weekend to hold a series of summits devoted to the issue.

Speaking Tuesday in Strasbourg, headquarters of the European parliament, Sarkozy said he wanted EU leaders to meet again to prepare the first of the summits next month on reforming the international financial system.

Sarkozy also called for the creation of an "economic government" for the 15 nations inside the single currency eurozone, which would work alongside the European Central Bank.

Meanwhile France and Germany led an offensive to bring tax havens into line with world banking rules at a Paris meeting seen as a first attempt to put order in global finance.

But Switzerland and Liechtenstein, two countries often criticised for their opaque bank secrecy laws, decided to boycott the meeting organised by the Organisation for Economic Co-operation and Development (OECD).