

International Business News

India inflation falls to six-month low

AFP, New Delhi

India's inflation fell to a six-month low, providing more room to the central bank to cut interest rates to spur flagging economic growth, analysts said Thursday.

Inflation edged lower in Asia's third-largest economy by a sixth of a percentage point to 8.84 percent for the week ended November 15 from 8.90 the previous week.

The decline in the Wholesale Price Index, India's closest watched cost-of-living barometer, was led by a fall in foods like fruit and fish.

The central bank "now has enough room for a rate cut" to boost the economy, said Crisil economist Dharma Kriti Joshi, principal economist at Crisil credit rating agency.

Inflation, which was nudging 13 percent in August, has been falling as global commodity prices collapse and consumer demand drops amid a reduction in lending caused by the global financial crisis.

Analysts expect inflation, now at its lowest since mid-May, to reach about five percent or lower by the end of the fiscal year in March, well within the central bank's target of seven percent.

The figures came on the eve of the release of second-quarter gross domestic product data for the three months ended July expected to show India's economy expanded by its slowest quarterly pace in nearly four years.

Taiwan to expand economic stimulus package

AFP, Taipei

Taiwan plans to boost its economic stimulus package to 500 billion Taiwan dollars (15.01 billion US) amid signs of growing economic deterioration, officials said Thursday.

The Council for Economic Planning and Development, the top government economic planning agency in Taiwan, said it planned to propose an 80 billion Taiwan dollars (2.4 billion US) increase to the mega-economic stimulus plan slated to be implemented over the next four years.

The original blueprint was an extra 420 billion dollars that was earmarked for infrastructure projects running from 2009 to 2012, plus 82.9 billion dollars-worth of shopping vouchers to be handed out next year to stimulate the economy.

"Our proposal is to raise the infrastructure expansion projects by 80 billion to 500 billion dollars for the next four years," said an official of the council.

"The revision is to be submitted to the Executive Yuan for approval at a quarterly cabinet meeting next Thursday," the official added.

The proposed stimulus package would create an estimated 200,000 jobs, the United Evening News reported, citing another official from the council.



Travellers line up at the Southwest ticket counter at LA/Ontario International Airport where holiday travel is expected to plummet 30 percent from last year, on the eve of Thanksgiving in Ontario, California.

Tourist arrivals in Philippines hit record

AFP, Manila

Tourist arrivals in the Philippines rose 3.96 percent from a year earlier to a record 2.507 million in the 10 months to October despite a global crisis, the central bank said Thursday.

A rapid rise in visitors from non-traditional markets such as Russia and Scandinavia have helped plug the gap on declining growth in US and Japanese traffic, according to data released by the bank.

It gave no projections for the whole of 2008.

For October, tourist arrivals were flat at 241,809, a marginal 0.03 percent increase from the year-ago figure.

"The expansion in visitor volume for January to October 2008 is greatly attributed to the increases in tourist arrivals from new source markets such as Russia which grew by 36.70 percent, India by 15.36 percent, and China by 9.95 percent," it said.

Russian arrivals grew 36.7 percent to 8,422 in the first 10 months.

These made up for the "slowdown of growth rates from traditional source markets such as Japan and (South) Korea which have been affected by the financial crisis in the United States."

City of London mayor predicts 70,000 job cuts

AFP, London

At least 70,000 jobs will be lost in London's financial district within barely a year as it grapples with the world financial crisis, the Lord Mayor of the City of London said Wednesday.

Ian Luder, who promotes Britain's financial services sector abroad as part of his non-political role, added that concerns about the bonus culture had to be addressed but stressed those who take risks needed to be rewarded.

Asked about the extent of likely cuts in the city at a press briefing, Luder said: "The forecast is that 70,000 direct jobs in the sector will have gone between late last year and the early part of next year."

"Of course, it's a situation which you'll see repeated across the globe in financial services sectors."

"It's not just the direct jobs, it's obviously the jobs that indirectly depend on people in employment."

Britain's economy shrank 0.5 percent in the three months to September, putting it on the verge of recession, which Prime Minister Gordon Brown and Bank of England governor Mervyn King have warned is likely.

COMMENTS

Tracking ethics in banking

SAJJADUR RAHMAN

Everything that is legal is not necessarily ethical.

The dogma prevails also in the country's banking industry as it is in other sectors, eminent economist Prof Muzaffer Ahmad said.

"Legalisation of concealment of information on illegal money or reluctance to take money of micro depositors by banks are the two bright examples of this kind," said Prof Ahmad while delivering eighth Nurul Matin Memorial Lecture on 'Ethics, Banking and Responsibility of Professionals' at Bangladesh Institute of Bank Management (BIBM) in Dhaka on Wednesday.

Owners and managers do not consider ethical things logical. "That's why illegal unanimous transactions take place in the banks," said Ahmad, who is a former teacher in economics at the Institute of Business Administration of Dhaka University.

"Although there are government regulations and supportive policies on social, environmental and public welfare, businessmen and bankers often refrain from this consideration," he remarked.

He said ethics is as old as the human history. Good and bad things had always come up in stories, poetry and philosophies.

The issue is also discussed in all religions and culture, he said.

"We can see conscience in the painting of Michelangelo's Sistine Chapel. Jesus' life was full of truth and justice, and the honesty, transparency and equality of Hazrat Muhammad (PBUH) are proud inheritances for the people," he said.

Bangladesh Bank Governor Dr Salehuddin Ahmed, who is also the head of the BIBM board of governors, chaired the annual lecture session.



Professor Muzaffer Ahmad delivers his speech at the eighth Nurul Matin Memorial Lecture on "ethics in banking" at Bangladesh Institute of Bank Management in Dhaka on Wednesday.

Justice Shahabuddin Ahmed, former president of Bangladesh, delivered the first Nurul Matin Memorial lecture followed by former chief adviser to the caretaker government Justice Habibur Rahman, eminent economist Prof Rehman Sobhan, former finance minister M Syeduzzaman, economist Dr Wahiduddin Mahmud, research fellow emeritus at International Food Policy Research Institute Washington Prof Nurul Islam, and former governor of Reserve Bank of India Bimal Jalan.

The lecture has become a campaign to improve ethical standards in the country's banking profession and arouse a sense of ethics

among bankers in order to improve their image in public eyes.

Prof Ahmad who is also a well-known personality in promoting good governance, environmental issue and civil rights, delivered the latest one in a gathering of senior bankers and civil society.

His 28-page lecture written in Bangla focused on ethical issues in different sectors although the subject was ethics in banking.

He started by mentioning some fundamentals of ethics before describing it in the banking sector.

Ethics differentiate between good and bad, but it does not always discuss ins and outs of the things, he

said. "Everything that is legal is not always ethical," he added.

Prof Ahmad said ethical business practice in all areas including banking sector is a must for the overall development of the country. He said every area of the society is facing malpractice. People accommodate bad practices willingly as they reap 'benefits' from those, he added.

On the banking business, he said: "It has different characteristics. It varies from other sectors, which is based on people's trust."

He said, "Personal ethics is fully ignored in our banks. Religious, educational and social values are defeated to profit-mongering."

The industry makes a huge profit with public money, but the businessmen do not always consider the depositors' interest, he said.

"We have seen legal fights of loan defaulters and pilferage of depositors' money by bank officials," Ahmad said.

"Bribery, influence, corruption and abuse of power have become basic problems for our banking industry."

When the banks consider anything beyond profit, the issue of ethics becomes irrelevant, he added.

Increasing involvement of politicians in the banking business has also become a concern because experi-

ence says negative things about this, he said.

"I will only expect that our new generation of bankers will willingly come forward to helping the campaign on ethics in their collective interest and prove that they are equally concerned to keep banking profession out of corruption and malpractice in order to improve their personal and collective image."

"Can our banking industry adopt the idea of green bank, green housing and green business like what the Europeans have done?"

The economist said the industry needs a proper climate to flourish.

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FINANCIAL TURMOIL

Luxury brands pin hopes on China

AFP, Beijing

Katidja Valy has visited seven countries over the past two months, trying to sell his super-expensive Swiss watches to the world's rich, and nowhere has the interest been greater than in China.

Marketing a series of watches incorporating pieces of steel salvaged from the Titanic wreckage might seem a tough assignment against the backdrop of the worst financial crisis in half a century, but not, he said, in China.

"In some countries, they don't believe in the future. This is not the case here. Everybody wants to make business," said Valy, a communications manager with Geneva-based Romain Jerome Watches.

"It can change tomorrow, but I don't feel the financial crisis for my own brands or for any of the people I have spoken to."

Valy was exhibiting his Titanic-DNA series of watches at the Top Essence exhibition held recently in Beijing -- an opportunity for the world's top luxury brands to get a snapshot of the China market.

World-class brands such as cognac producer X.O and auto maker Bentley were present at the event -- which attracted Chinese actors and other celebrities -- but some participants admitted to having had somewhat modest expectations.



A beautician attends to a Chinese woman during the Top Essence exhibition in Beijing where the world's top luxury brands get a snapshot of the China market. A list of China's richest people, published by US magazine Forbes in October, showed that the net worth of the 40 wealthiest fell 57 percent from a year earlier.

"The times have been hard since October, because of the financial crisis," said Zhao Qianying, a marketing supervisor at Mercedes Benz.

"But we think it's just a short-term phenomenon. Generally, the forecasts for Beijing are good. We expect next year to be good for luxury products."

Attendance at the exhibition turned out to be respectable, but not spec-

tacular. About 10,000 people paid the 150-yuan (22-dollar) ticket, roughly the same as last year, according to reports in the local media.

Not all of them were window shoppers -- take the example of Li Jingge, an IT executive, who declined to say how much he was making every year.

"I'm looking for a car. It's essential that it's a model I

like. Money is not that important," he said.

But Jessica Liu, an advertising executive who was touring the show to get a sense of new trends, said she saw little concrete consumption.

"My feeling is that most people come here out of curiosity. They're window shopping. They don't really want to buy anything," she said.

Even so, foreign luxury

brands are increasingly looking to China to tide them over until the world economy returns to normal.

Just as it is expected to save other parts of the world economy amid the continuing global woes, China could also become the saviour of the luxury industry -- or so the reasoning goes.

"Look at what happens to many, many brands that

suffer in the United States. They are investing in China now," said Valy, of Romain Jerome watches. "Big players that have overstocked have to pay attention to China."

The question is how realistic such predictions are. The jury is still out on what to expect in the Chinese market for luxury items, which has seen annual growth of 20 to 30 percent in recent years.

Recent data are making for more pessimistic predictions for the market in the short term.

A list of China's richest people, published by US magazine Forbes in October, showed that the net worth of the 40 wealthiest fell 57 percent from a year earlier.

And economic growth next year could hit a 19-year low in 2009, the World Bank predicted this week, although at 7.5 percent this would still be a dream for Western nations fighting off recession.

"Although the situation for the domestic market is still not clear, luxury consumption will certainly be affected by the global economic crisis," Liu Zheng, an analyst of the luxury goods industry, told the China Daily newspaper recently.

"Previous surveys have shown that many consumers of luxury goods are young office workers, whose purchasing power for the items is extremely unstable," he said.