

International Business News

Eurozone inflation plunges, setting stage for ECB rate cut

AFP, Brussels

Inflation in the 15 euro countries plunged in November to a 14-month low in the face of slumping oil prices, an official EU estimate showed on Friday, paving the way for deep interest rate cuts.

Annual eurozone inflation dropped to 2.1 percent this month from 3.2 percent in October as consumer prices grew at the slowest pace since September 2007, the Eurostat data agency said.

Down sharply from a June and July record high of 4.0 percent, the rate also came in below economists' forecasts for 2.4 percent, as polled by Dow Jones Newswires.

Economists said the drop set the stage for a steep cut in interest rates by the European Central Bank when it meets exceptionally in Brussels next Thursday for a monetary policy setting meeting.

"Pressure is mounting on the ECB to deliver a deeper interest rate cut next Thursday than the 50 basis point reduction from 3.25 percent ... widely expected," said economist Howard Archer at consultants IHS Global Insight.

"Indeed, there is a compelling case for a 100 basis point cut to 2.25 percent," he said.

Eurozone inflation has been in retreat since peaking in July as oil and other commodities prices have plummeted in the face of a sharply slowing global economy.

Saudi rules out Opec output move at Cairo meet

AFP, Cairo

Opec kingpin Saudi Arabia said on Saturday that a firm decision on cutting oil output in the face of plunging prices would be made only at a cartel meeting next month in Algeria.

"This meeting is a preparatory meeting for a more resolved and firm decision in Algeria," Oil Minister Ali al-Nuaimi said before a consultative meeting of the cartel in Cairo on Saturday.

Saudi Arabia is the world's top crude oil exporter and by far the most important player in the powerful OPEC cartel that pumps 40 percent of global crude supplies.

Many other OPEC members, including Iran, Kuwait, Qatar and Nigeria, have also expressed support for the idea of deferring a decision until the next scheduled meeting in Oran, Algeria, on December 17.

Saudi Arabia's King Abdullah said in an interview published in a Kuwaiti newspaper on Saturday that an oil price of 75 dollars a barrel would be fair -- an indication that cuts might be forthcoming to lift the market.

"We think that a fair price of oil is 75 dollars a barrel," he said. "Our budgets were not set at the latest world prices, but at another, lower price."



AFP

A woman holds a dog late at one of Europe's most exclusive and trend-setting lifestyle trade fair, the Moscow Millionaire Fair 2008. Hardly anyone seems worried about the global financial crisis. Yachts, private islands and even an Irish castle are on offer this weekend at Millionaire Fair Moscow, Russia's most heavily attended exposition of luxury goods and services.

WB presses aid to developing world to ease crisis

AFP, Washington

The World Bank Saturday urged industrialized nations to maintain aid flows to developing nations to offset an expected decline in private capital flows to emerging markets due to the credit crisis.

"Over the past year, many developing countries have already had to cope with high food and fuel prices, and are now faced with a third problem of unprecedented proportions," said Justin Lin, the World Bank chief economist and head of delegation in a speech prepared for the United Nations International Conference on Financing for Development in Doha.

"While the channels of transmission may differ, virtually no developing country -- whether an emerging market or a poor country in Africa -- has escaped the impact of the widening financial crisis."

High-level delegates including heads of state were gathering in Doha for the UN-sponsored conference seeking ways to limit the impact of the financial crisis on developing countries.

Suzuki to lay off 1,200 people at Hungarian plant

AFP, Budapest

Japanese car manufacturer Suzuki announced Friday that it would lay off 1,200 people, or almost a fifth of its workforce, at its plant in Esztergom, northwest of Budapest.

"Starting December 8, Suzuki Hungary will switch to manufacturing in two shifts," instead of the current three, said company spokeswoman Viktorija Ruska.

The downsizing at the plant, which currently employs 5,523, was due to a radical fall in orders, she added.

The job cuts, which will take effect on December 8, will concern manufacturers as well as office staff.

Earlier, Suzuki reduced modified its manufacturing plans for 2008 to 282,000 vehicles from 300,000.

In 2009, the company expects 210,000 new cars to roll off production lines at Esztergom, 64 kilometres (40 miles) northwest from Budapest.

INTERVIEW

Local firms to win global edge

Hopes pharmaceuticals consultant Rob Walker

JASIM UDDIN KHAN

Bangladesh has ample scope for its pharmaceutical companies to become the most competitive players in global market in the days to come due to the availability of cheap labour and utility services, said an internationally acclaimed consultant.

"The labour cost and other expenses at major medicines supplying nations like India and China are growing rapidly, which has created openings for Bangladeshi companies to compete in the world market," Rob Walker told The Daily Star in an exclusive interview recently.

Walker now works on graduating a local pharmaceutical plant, Acme Pharmaceuticals, to MHRA (Medicines and Healthcare Products Regulatory Agency) standard of the United Kingdom (UK).

An MHRA certificate allows any Bangladeshi company to produce and market any registered drug of UK and other European countries.

Having a vast experience in such a consultancy for Indian, Chinese and South African pharmaceutical factories, he had earlier worked for Eskayef and Renata.

Walker successfully helped the two Bangladeshi firms reach MHRA standards within the shortest possible time.

Eskayef has gained this achievement for tablets and capsules, while Renata tablets with hormonal preparations gained UK recognition.

The country has enhanced its capacity to manufacture quality and low-cost pharmaceuticals, Walker said, pointing to the fact that the prices of medicines made in India and China marked a rise after those countries entered the World Trade Organisation (WTO).

"So, Bangladesh is in a favourable condition because of its low-cost high-qualified manpower and LDC (least developed country) status," he added.

Asked whether all the large pharmaceutical factories should develop their plants in line with 'good manufacturing practice (GMP)', Walker said it depends on business decisions of the factories concerned.

"If a company has the strength to browse international market for export and if it wants to enter developed market, it should invest for MHRA accreditation," he said.

He said many local pharmaceutical companies have already started marketing their products to European and other developed markets.

These companies have been inspired by low labour and power costs, depreciation of US dollar against most currencies and comparative advantages for Bangladesh under the WTO's agreement on trade-related aspects of Intellectual Property Rights.

Walker suggested that the companies expanding their existing plants, and those who need to overhaul their older facilities could make investments for building their capabilities to get the MHRA approval.

"It will increase the product acceptability both locally internationally and the company can easily explore international market if it has the accreditation," he said.

Although evaluation for the MHRA accreditation is a complex process, which includes thorough inspection of any company's quality system, machinery and equipment, HVAC (heating, ventilation and air-conditioning) system, purified water system and effluent treatment system.

This process ultimately enables a company to improve its suitability with the changing GMP demands of the market.

Walker also pointed out that many UK firms suspended production of some of their generic drugs on the plea that manufacture of those products would not be viable on the big companies' part because of a little demand due to a high cost.

This situation might be considered as an advantage by the local pharmaceuticals, he added.

Besides, the UK and European government policies are now encouraging people to buy low cost medicines. This policy changes may also be helpful for the UK and EU firms to procure pharmaceutical products in Bangladesh, Walker said.

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Rob Walker

COLUMN

SARWAR AHMED

A pound of flesh

As our family size got bigger, and the boys were becoming adults, we needed to move. My wife and sons went around looking and, eventually, settled down to buying a flat from an accomplished and reputed real estate organisation.

The glossy brochures and a soft-spoken sales person finally led us to sign on the dotted lines. Money receipts in silver-coloured jackets impressed us, as was their constant communication on the progress of the project's construction.

Until of course, towards the end, the project got delayed, jeopardising our personal cash flow. We wrote to them to bear with us and allow us respite for a month for the last instalment payment. My wife called me up visibly distressed. The polite customer service lady suddenly wasn't polite anymore. "Don't you know what the contract is? Haven't you read the clause on delayed payments?"

What about the delay in handing over the flat? You should read the contract, that is allowed, was the prompt reply. Who would remember the piles of points in the finely written contract signed a year and a half ago?

We tried to explain, but no, like Shylock in Shakespeare's Merchant of Venice, "The pound of flesh which I demand of him is dearly bought, 'tis mine, and I will have it..." the organisation insisted for its pound of flesh... just you wait, we will write back to you. Along came the letter, insisting we pay now.

Talk about a customer being treated as an adversary! The customer service lady must have been thinking, these customers, always creating problems! Isn't that the typical way we look at our customers? Always whining, always asking for that one extra favour, - oh customers! This is the kind of treatment the hyped up organisation meted out to my wife, and no wonder she was upset.

As organisations grow, they tend to get trapped in following their own procedures and processes and they lose interest in their customers, taking them for granted. The shift of focus is from the outside to the inside, worrying about pleasing bosses and not customers, thus losing flexibility in handling customer problems.

And if you have an IT system in place,



Each customer experience will move the loyalty meter either way, depending on how we treat them. I always fear that with the growth of our business, we may not be able to maintain our focus on customers

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you always blame stuff on the system, and do not care about the customer. I remember we urgently needed to buy a chemical from an international organisation. Do they have it in stock? Yes.

What a relief! We are sending you the cheque, when can we have it? Yes but... but what? Our computer system is down, we cannot release the stock until the system is up and running, which took

three days!

And of course, it was a nightmare landing at ZIA international airport, late at night and finding the immigration hall brimming with passengers, who had landed much earlier. What was the problem? The system was down. The passengers were informed that they were going to be held back until the system was working again. We tried explaining that the passengers could leave behind their 'arrival cards' and the officials could enter the details on to the system later on, but the suggestion fell on deaf ears. There we were stranded for hours waiting for the system to run and getting through the queues.

I do remember the amiable and exemplary customer orientation of late Imran Rahman, Brac Bank's former CEO. He was the Dhanmondi branch manager of Grindlays Bank in the mid 80s. As my salary account was in his branch, I got to meet and know him personally. Always smiling, he exuded friendly warmth that was heart warming. And because of him, the whole branch staff reflected the same friendliness and customer care.

During those days, I needed a loan and Imran sent the forms over. Wondering what kind of additional paper work I would need, I met up with him. He scanned through the papers, signed and sealed them and told me to pick up the loan money on the way out!

Each customer experience will move the loyalty meter either way, depending on how we treat them. I always fear that with the growth of our business, we may not be able to maintain our focus on customers. As such, we are constantly on the look out that we do not slip in customer service delivery. Our future depends on our customers coming back to us, again and again.

For that to happen, learn to look outside and make sure your organisation's people and processes are aligned to ensure customer satisfaction. As they say, no one makes money inside the organisation. Everything done inside the company is cost. Only when we look outside and find a customer, we make money!

The writer is the managing director of Syngenta Bangladesh Ltd.