

International Business News

India's inflation falls to one-year low

AFP, New Delhi

India's inflation hit a one-year low, government data showed Thursday, giving more room for interest rate cuts to spur Asia's third-largest economy.

Annual inflation fell to 4.39 percent for the week ended January 31 from 5.07 percent in the previous week, Commerce Minister Kamal Nath said in New Delhi, on the back of falling fuel prices.

The Reserve Bank of India has already reduced its leading lending rate to commercial banks -- the repurchase rate -- by 350 basis points since October to a low of 5.5 percent.

Inflation has dived from a 13-year high of 12.91 percent last August due to a drop in oil and other commodity prices as well as the knock-on effects of the widening global recession. It stood at 4.78 percent a year ago.

The drop was welcome news for the Congress-led government which must hold general elections by May. India's hundreds of millions of poor, whose support is vital at voting time, were hardest hit by a surge in inflation.

However India's economic growth is expected to slow to 7.1 percent in the current fiscal year -- the lowest rate for six years and down from nine percent in 2007-08, according to official estimates released on Monday.

Yamaha Motor expects first loss in 26 years

AFP, Tokyo

Japan's Yamaha Motor Co. said Thursday it expects its first loss in 26 years in 2009 because of sluggish motorcycle sales and the strong yen.

The company said it would cut hundreds more jobs to cope with the economic downturn.

Yamaha said fewer people were expected to buy motorcycles this year, even in once resilient markets in Asia and Latin America. At the same time the yen's strength is eating into overseas earnings.

The group forecast a net loss of 42 billion yen (467 million dollars) for 2009. Revenue is expected to decline 22.1 percent to 1.25 trillion yen.

The firm said it would reduce output at all its plants, take steps to cut costs and shrink investment in a bid to stem the losses.

It plans to reduce the number of temporary workers in Japan to zero by mid-2009, from 1,400 in spring 2008.

Yamaha had been enjoying record high sales until the economic crisis began curbing demand for its products, which also include boat engines and all-terrain vehicles.

In the calendar year 2008, net profit fell 97.4 percent to 1.85 billion yen. Revenue dropped 8.7 percent to 1.60 trillion yen.

"2008 began with surges in oil and raw material prices," said Yamaha Motor president Takashi Kajikawa.



Pedestrians walk past a store covered with commercial placards at a shopping district in Seoul yesterday. South Korea's central bank cut its key interest rate by 50 basis points to a record low 2.0 percent in an attempt to avert the country's first recession for a decade.

Spain officially in recession

AFP, Madrid

Spain's economy fell into recession in the fourth quarter of 2008, provisional official data showed Thursday, confirming the once-buoyant economy's first recession in 15 years.

The country's economy contracted by 1.0 percent in the fourth quarter of 2008 over the previous three months, the data showed.

Spain's economy, the fifth largest in Europe, shrank by 0.2 percent in the third quarter of last year over the previous quarter.

Recession is widely defined as two consecutive quarters of negative growth.

Last month the Bank of Spain had already estimated that Spanish GDP shrank by 1.1 percent in the fourth quarter of 2008.

Spain's economy has suffered as the global financial crisis has hit the key construction sector, which was already weakened by oversupply and rising interest rates.

In January the government, which had long predicted a slowdown in growth but no contraction, slashed its forecast for the economy to a decline of 1.6 percent this year from the growth of 1.0 percent previously forecast.

The government's response to Spain's economic troubles has been an 11-billion-euro (14-billion-dollar) infrastructure plan to create over 300,000 jobs, mainly through 31,000 public works projects across the country.

Renault says net profit fell 78pc in 2008

AFP, Paris

French carmaker Renault said on Thursday it had slumped to an operating loss for 2008 and would focus on freeing up cash this year to weather even worse market conditions.

For 2008, the group posted a net profit down 78 percent at 599 million euros (774 million dollars) which was boosted by contributions from other companies in which the French group holds stakes, notably Japanese manufacturer Nissan.

Operating profit for Renault slipped to a loss of 117 million euros, however, compared with a profit of 1.24 billion euros a year before, owing to lower sales and restructuring costs.

"In the second half (of the year) ... performance abruptly deteriorated, especially in the fourth quarter, as the financial crisis spread to the global economy," said a statement.

INTERVIEW

Money? Spend it for future

Says Taiwanese Nobel laureate in an exclusive interview with The Daily Star

ARUN DEVNATH

Free markets are on the skids. The once-unwavering belief in deregulation is at a low ebb. Champions of globalisation are shaken. The minted masters of the universe are now more inward-looking than ever before.

It is a time to reflect on the globalised economy and its failings, which seem inevitable in the financial crisis, says Taiwanese Nobel laureate Yuan Tseh Lee, a scientist and an unlikely critic of the world economy. The Daily Star caught up with Lee last month when he was in Dhaka to deliver lectures.

"It may be because of the financial crisis or environmental problems, it's a good time to think about how the human society should move," he says in a late-night interview.

Lee is not the one to set himself against globalisation, but not a defender of it either. From the current stage, globalisation should move one step forward -- some little advice he has for the world, now hurtling from one crisis to another.

When he says the world is "only partially globalised", the words come wrapped in an intriguing notion. It means there is always an economic competition between countries -- one pitted against the other.

Competitiveness is espoused by governments around the world. "It's interesting that they say science is international and we collaborate and they collaborate. When they go back to their countries, governments always ask one question: Is that going to help national competitiveness?"

A passionate promoter of a "global government", Lee says: "Complete globalisation shows that we need an organisation to take care of our problems."

To emphasise his point, the Nobel laureate rephrases what he has already said: "I strongly feel the world needs a global government that will take care of environmental and financial problems."

The European Union is one possible way. The EU shares 1 percent of its combined GDP with



Nobel laureate Yuan Tseh Lee

member countries in assistance and other financial packages. Lee cites this example to indicate the world might develop a global government.

A global currency could be a cornerstone in the global government. "Many economists are now saying we need a global currency. In that sense, we need a global village," Lee says.

It is not just the US dollar-based system or the Japanese yen or the euro that is good enough for the world. This is what he learnt from the Nobel laureates in economics when they got together in meetings on the world stage.

But Lee is well aware of its limited strength: the adoption of the

global currency alone cannot narrow the gap between the rich and the poor.

Lee points his audience to the age-old problems that deepen poverty around the world. "If you look at poverty and starvation, it's not because we don't produce enough food for the entire world, but because of the problems with distribution and fairness," Lee says.

Lee is sceptic of a free-market economy. Economists say if the market is opened up, everything will do well. "But as we see the financial crisis now, we know this isn't going to happen," Lee says.

"In the market-driven economy we tend to believe the market

PROFILE
Yuan Tseh Lee was born on November 19, 1936 in Hsinchu, Taiwan. He started his early education while Taiwan was under Japanese occupation -- a result of a war between China and Japan in 1894. He entered the University of California at Berkeley as a graduate student in 1962, the year for his entry into a wider American society. Lee was the first Taiwanese Nobel Prize laureate, who, along with the Hungarian-Canadian John C Polanyi and American Dudley R Herschbach won the Nobel Prize in chemistry in 1986 "for their contributions to the dynamics of chemical elementary processes".

will take care of itself. But the fact is, the market will only take care of itself, if we have a large purse for us to keep on spending.

"We don't have that. If we keep on spending, we get into the environmental problems."

Lee is not a strong backer of the stimulus packages announced by different governments around the world. He dismisses the common, simplistic belief that consumers should spend money to keep vitality in the economy during the financial crisis.

"I'll support it (a stimulus package), if you ask people to do something which will help sustainable development." He advises governments around the world to do new development using solar energy and electric cars.

Taiwan -- a poor country when Lee was born, but now a remarkable seat of capitalism in Asia -- provides an example of buying automobiles with easy government loans. "It's an entirely wrong thing to do. We don't have enough petroleum and we have already produced so much carbon dioxide."

"Spending money is a good thing, if we spend it for the future."

Lee pointed to the inevitable joblessness in the financial rout that rampaged through a large swathe of the world.

"Jobs were created because of consumption. We assumed that the US is a big market -- no matter

what you make, you can sell (it) to the Americans," Lee says.

Mindless consumption has a downside. People in Southeast Asia have already polluted rivers and air to make things only to sell them to the Americans and Europeans, according to the Nobel laureate.

As the shadows of the financial crisis lengthen to parts of Asia, the region looks inward to create domestic demand. People in the US are shifting away from heavy consumption of imported goods, which means slowing exports from China and other Asian countries.

"The Americans have now realised they cannot go on like this," Lee says, pointing to a deep recession unfolding in the US economy.

For him, Southeast Asia is a region that pulls in a lot of attention. Big companies come and set up factories and provide jobs for local people.

"Governments say 'you don't have to pay taxes for ten years'. We (Taiwan) provide electricity subsidised, and the companies make a lot of money," he says.

Years later, another country offers the big companies land and tax concessions, Lee goes on. "Big companies from America come to Taiwan, pollute its land and move on to China and then to Vietnam."

According to Lee, part of the reason for the world financial catastrophe is loose regulation. "The government regulation in the United States is too loose."

Extreme trade liberalisation is no solution for Lee. "We need regulations and government intervention becomes very important. Governments should control so-called global enterprises."

As a backer of sustainable development, Lee urges people to keep away from the burning of too much coal or petroleum.

"We have to change our lifestyle. As a scientist, I would say we would be able to depend on solar energy within 50 years to a large extent. But between now and 50 years, we need something rather than solar energy, and we can probably depend on nuclear energy."

INDUSTRIAL WASTE

Costs of polluted Buriganga

ABONTI MEHTAZ, Star Online

Pure sewage. Black and stinky. Nostrils sting in the strong stench. That is what the Buriganga is on both ways from Bossila.

As our boat slowly wafts through the black liquid, which many still call the river, we had to cover up our noses. With every stroke of the oar, the stench increased. A dead river -- that is what comes to one's mind at the state of the Buriganga. And sterile. No living beings -- not even a water spider could be seen.

This is what the Buriganga, which once attracted the Mughals to choose Dhaka as their capital, is rendered today by mindless dumping of industrial and human waste.

According to a joint survey by the Department of Environment (DoE) and Canadian International Development Agency (CIDA), more than 7,000 factories are located along the river and canals in Dhaka.

About 500 tanneries including 200 large units in Hazaribagh are discharging 4.75 million litres of a variety of extremely toxic wastes into the river. On top of it 95 tonnes of solid and hazardous wastes including trimmings of finished leather, shaving dusts, hair, fleshing, trimming of raw hides and skins are also dumped in the area's open drains every year. These eventually find their way to the Buriganga. In Hazaribagh and Rayer Bazar areas, experts fear the underground water table has also got polluted.

And how does life go in the midst of all this filth and pollution?

Romena Khatun, a housewife of Bassila, said, "In the past we used Buriganga's polluted black water. But that led to skin diseases. Then we have set up a water pump 300 feet into the soil. Now we are getting fresh water. But in the winter water often gets polluted."

Abul Hossain, also a resident of Bassila near the Buriganga, said: "The water of the Buriganga is so polluted that we can't use it even in the winter. We can use the river's water only in the rainy season. So we have to buy water by paying a monthly Tk 100 to the water traders."

Not only the residents but also the tannery workers are facing a precarious and unknown future because of the pollution.



A worker pours untreated industrial effluents into a canal leading to the Buriganga, a lifeline to the capital.

According to a survey by the Society for Environment and Human Development (SEHD), around 90 percent of the tannery workers are suffering from pollution-related illness.

The SEHD report says 58 percent of such workers suffer from gastrointestinal diseases, 31 percent from dermatological diseases, 12 percent from hypertension and 19 percent from jaundice.

Aminul Hossain, a 35-year-old tannery worker who is suffering from severe skin diseases and other complications, has lost confidence in modern medicines.

"Medicines do not work on me anymore. I suffer from skin diseases, allergy and chest pain, but my problems automatically go away when I don't work," he said.

According to the Environment Conservation Act 1997, every industry should have effluent treatment plant (ETP). Otherwise they would not get environmental clearance from the DoE. For an industry to obtain electricity and gas connections to their premises the environmental clearance is mandatory.

A very few factories have the ETP but most of the industries are running without

any regard for the environment.

The DoE official, however, said that they are planning to send the offending industries two notices to comply with the existing laws very soon. "If they do not go by the laws then we will disconnect the utility services. This step is under process," said the official.

"The government is yet to adopt any firm policy to reduce pollution arising from tanneries, pharmaceuticals, chemical and dyeing factories that are releasing highly toxic untreated wastes everyday," said Abu Naser Khan, chairman of Paribesh Bachao Andolon (PABA).

SYED ZAKIR HOSSAIN