

International Business News

India industrial output jumps for seventh month

AFP, New Delhi

India's industrial output climbed for a seventh month in a row in July driven by strong consumer demand, official data showed Friday, fuelling hopes of an economic rebound.

India's industrial production jumped 6.8 percent from a year earlier following a revised 8.2 percent leap in June, figures from the Central Statistical Organisation for July showed.

Economists forecast that India's strong industrial performance will help offset the impact on overall economic growth of poor monsoon rains that are expected to be 15 to 20 percent below average and are hurting crops.

The data was the latest in a series of encouraging figures pointing to recovery in Asia's third-largest economy, economists said.

But analysts also said the data could also mean a tightening of interest rates next year to control inflationary pressures that have been stoked by the weak monsoon which has pushed up food prices.

While the momentum of industrial output growth slowed from the previous month, "the important point is that the trend is up and the outlook remains generally encouraging", said HSBC economist Robert Prior-Wandesforde.

Britain seeks to bar directors after MG Rover collapse

AFP, London

Britain said on Friday it would seek to ban the directors of MG Rover from running companies in future, after a new report into the carmaker's 2005 collapse with the loss of 6,000 jobs.

Business Secretary Peter Mandelson said he wants them declared "unfit to hold office", following publication of the results of four-year probe into the demise of the firm, which produced the iconic Mini.

But the directors, who bought the firm from German carmaker BMW in May 2000 for just 10 pounds, rejected the investigation as a "witchhunt" and a "whitewash" that absolved government ministers of any blame.

The report found the four main directors of MG Rover, known as the Phoenix Consortium, paid themselves about nine million pounds (15 million dollars, 10 million euros) each in pay and pensions for the five years they owned the firm.

When the carmaker went into administration in April 2005, it owed creditors nearly 1.3 billion pounds.

"During the five-year period, the members of the Phoenix Consortium and Mr. Howe obtained large, and we say unreasonably large, financial rewards, totalling tens of millions of pounds," the report said.



AFP

Jet Airways ground staff hold roses presented by the management as a goodwill gesture at the city airport in Mumbai on Friday. Pilots and bosses at India's second-largest airline, Jet Airways, held conciliation talks in a bid to end a "sick leave" strike that has grounded many of the carrier's planes for four days. More than 430 pilots -- over half the airline's 760-pilot roster -- have reported sick in what the company said was a "simulated strike".

US slaps punitive tariffs on Chinese tires

AFP, Washington

Barack Obama on Friday imposed punitive duties of 35 percent on Chinese-made tires, igniting the first trade spat of his presidency just weeks before hosting his Chinese counterpart Hu Jintao.

The president "signed a determination to apply an increased duty to all imports of passenger vehicle and light truck tires from China for a period of three years," the White House said in a statement.

The decision was taken "in order to remedy a market disruption caused by a surge in tire imports," the statement said.

The Chinese government said it "reserves the right to retaliate" over the US decision.

Obama has come under fierce pressure to introduce punitive tariffs on tire imports, amid warnings that a surge in the Chinese-made goods had cost more than 5,000 jobs in the United States.

But in a bid to assuage Beijing's inevitable anger over the move, the president stopped well short of the rates recommended by the government-run US International Trade Commission (USITC).

Brazil eases out of recession

AFP, Brasilia

Brazil's economy grew at a 1.9-percent clip in the second quarter, government data showed Friday, officially ending its recession.

After two quarters of negative growth, the economy turned around with a 1.9-percent positive showing, up from the first three months of the year, the Geography and Statistics Institute said.

Still, second-quarter 2009 growth was 1.2 percent below the rate for the same quarter a year earlier when the economy was relatively strong.

Hard hit by the international financial crisis, Brazil was in a brief recession with two consecutive quarters of contraction: the first of 2009, with one-percent negative growth, and the last of 2008 with a 3.4 percent loss.

Brazil's economic authorities have said the South American heavyweight would be among the first countries to make it out of the international crisis.

AUTOMOBILE

New Opel, new worries

AFP, Berlin

Relief in Europe at GM choosing a buyer for Opel turned on Friday to worries about job cuts and over whether "New Opel" can survive long term, as the EU warned Germany over state aid to the new owners.

Further concerns focused on the involvement of the Russian government in the loss-making new firm, and over whether the agreement announced on Thursday may yet fall apart over what General Motors called "several key issues" remaining.

Under the deal, GM will sell a 55-percent stake in Opel to a consortium owned 50:50 by Canadian auto parts maker Magna and state-owned Russian lender Sberbank. GM will retain 35 percent and employees the rest.

The agreement covers all GM's European operations except Swedish unit Saab, which is likely to be bought by a Swedish company with support from Chinese interests. GM emerged from bankruptcy in July.

The breakthrough was seen as a coup for Germany, where the government under Chancellor Angela Merkel had pressed hard for GM to choose Magna, offering 4.5 billion euros' worth of state aid.

Half of Opel's 50,000 jobs are in Germany, and in a boost for Merkel's chances of winning a second term in elections on September 27, Opel's new owners have pledged to keep open its four main plants in the country.

"I am exceptionally happy about this decision, which is along the lines of what the government wanted," a visibly relieved Merkel said in Berlin on Thursday, as she rushed to unveil the news even before GM.

But with Magna expected to cut 10,000 jobs, elsewhere in Europe there were worries about where Opel's new owners would make the major cuts that analysts say are crucial for long-term survival.

Opel has about 7,000 employees in Spain, 4,700 at Vauxhall in Britain, 5,500 in Belgium, 1,800 in Italy, 1,600 in Austria and 1,500 in France, according to GM Europe's website.

GM vice-president John Smith said in Berlin on Thursday that Opel's new owners were "contemplating" winding down a plant in Antwerp, Belgium, and shifting some production from Spain to Germany.

"We knew the news would be bad for Belgium, now we just have to hope we can get a good pay-off. We don't have any hope, it's finished here," 33-year-old Ali Ayiccek, a machinist at the Antwerp plant, told AFP.

In Britain, Vauxhall workers were wor-



AFP

Flags outside the Opel car factory building are pictured in Antwerp. General Motors vice-president John Smith said in Berlin that the planned new owners of Opel's European division, Canada's Magna and Russia's Sberbank, were considering "winding down" a plant employing more than 2,500 people in Antwerp. Kris Peeters, the head of the government of Belgium's Flanders region, said about 12,000 people would be affected in all.

ried, with one saying: "I'm absolutely devastated, for the simple reason it doesn't secure the long-term future for this place. The morale is low."

In Spain, Finance Minister Elena Salgado said that Madrid was striving to prevent any job losses, while a UGT trade union official in Spain warned of "a major conflict."

One hope for the workers is the European Commission, which warned Berlin on Friday that its aid was illegal if it is conditional on sites staying open in Germany.

European Commission spokesman Johannes Laitenberger said that some member states have already expressed concern, although there had not yet been any formal complaints lodged.

Merkel's government aims to persuade other European governments to contribute to Germany's state aid package.

It is also far from certain that Magna and Sberbank will be able to carve out a place for "New Opel" in a still struggling global auto industry where in Europe and North America too many cars are being made for too few customers.

"The winner today could be the loser tomorrow," analyst Juergen Pieper from Metzler Bank told AFP. "Everyone knows there is enormous over-capacity in the market ... and Opel is by far the weakest player in Europe today."

German mass circulation daily Bild was also sceptical: "Who is going to pay? The German taxpayer ... Germany is carrying all

the risk. Opel is not rescued yet by a long shot."

Newspapers also raised concerns about the Kremlin's involvement, with Germany's Frankfurter Allgemeine saying that "no one knows what the Russians are really planning, what extra demands they will have."

Magna and Sberbank want Russian car maker GAZ, owned by billionaire oligarch Oleg Deripaska, to use its plant in the city of Nizhny Novgorod to make Opels for the depressed Russian market.

Russian Prime Minister Vladimir Putin on Friday said that he hoped the deal was "one of the first steps that will take us towards real integration into the European economy."

COLUMN

Of Dilbert

SARWAR AHMED

I am a great fan of Scott Adams. He created Dilbert, the comic strip corporate bloke who seems to know how to go around the maze of corporate world. So borrowing from Scott, I use the term, Dilbert mood, situation, or trap.

What it means is that when one is in a Dilbert mood the person is deliberately doing things to throw people off track, go chasing a wild goose, or getting things done in a devious way, you know, playing the corporate cat and mouse game.

A Dilbert situation or a trap is when you are cornered to take a decision which may not be in the best interest of your organisation. You need to be aware of the corporate games people play.

A typical showing of the Dilbert mood is the use of technology. With the fast advent of computers in the office, a savvy user can lay claim to knowledge and skills that makes you vulnerable to his whims and caprices. Oh I need another person to help me out otherwise I cannot do this. Since you are not that well versed with software or information technology, you are soon taken for the ride.

And before you realize it, you have a full fledged department sprouting in the organisation.

When you are at a high level position, you need to wade through corporate life carefully. You are not even allowed to joke with your associates. The joke will be taken seriously and instead of spontaneous laughter, you will get back masqueraded and measured ones, uncertain of how hearty it should be and whether it is loud enough to please you.

Not only jokes, your words can be taken, measure for measure. I have had several instances when I have said, you know, may be we should do this. Sooner than later, the may be turns out to be done, and attached herewith is the bill for doing so! This has made me reticent and measured of what I say in public.

How do you make sure you are not trapped into a Dilbert situation? You need to enlighten yourself so that your associates know that they cannot get away trying to fool you. You need to keep abreast of developments in the



SYNGENTA

An office designed with an open layout gives a sense of space to employees, making them feel relaxed as they work through their daily chores.

major areas of your business and the industry as a whole. The higher you go, the saying goes, the more you need to see the business holistically. Very much so. And do not ever forget to press for details.

I have made the mistake of taking management literature seriously that propounds, once you reach the top you focus on strategy, have a hands off policy and let operational matters be run by people down the line. Delegate responsibility, by all means. You are not here to micro-manage the business. However you need to develop a sixth sense of how the business is operating, and that you can, by keeping your fingers on its pulse. Because of this hands off policy and not looking into details, I have been trapped into situations which has cost us dearly.

If you have a chance to see a Dilbert comic strip, you will see him in the typical cubicle that spawn across open office space. I don't know why but I find cubicles claustrophobic. Let us look at home. If you study or work at home, is that done in a cubicle? Chances are you have a study table in your bedroom and the more affluent, perhaps a separate study room.

I usually sneak into one of my children's room to get my work done as our youngest two year old son goes around the house to find out where I am. Once he finds me, I have to inter-

rupt what ever I am doing so that he can tap the keyboard and say "baba, compukar". After he has had his fun, off he goes, seeking to play with his sister. But of course, no cubicles.

Fortunately, our office is designed with an open layout that gives you a sense of space, which makes you feel relaxed as you work through your daily chores. We have adjusted to the concept and this openness adds a lot of value in terms of easy communication, access to colleagues and quick decision making. When we mooted this idea, top managers at that time came up with excuses like, how can we think creatively in such an open space? You could see them cringe with uncomfortable looks on their faces as they adjusted to sitting in the open with their associates. Like any new idea, there will be resistant to change and you need to push through with your agenda for change. Being democratic will not work.

So how do you make sure you do not fall in a Dilbert trap? Read, read and read. Keep yourself abreast with the latest developments in your industry and beyond. Do not make yourself obsolete otherwise you will have your own Dilbert waiting for you, around the corner.

The writer is managing director of Syngenta Bangladesh Ltd.

Nobel economist Phelps 'gloomy' over US economic future

AFP, Krynica, Poland

The massive debt being racked up by the United States to exit recession will thwart growth for decades while its "almost useless" financial sector needs deep reform, a Nobel economist said Friday.

"I have a gloomy feeling about the American economy over the next couple of decades," 2006 Nobel Economics Prize winner, Edmund Phelps of the United States, said Friday at Poland's Krynica Economic Forum, known as the "Davos of the East."

"I see the financial sector as almost useless in the promotion of prosperity in the United States," Phelps said. "It will have to be reformed and somehow in principle competition could do that over the decades but I don't think we can wait that long."

Moves by the US Federal Reserve to improve liquidity on capital markets have raised the threat of rampant inflation more than anyone is willing to admit, he insisted.

"The tremendous splash of liquidity created by the Federal Reserve is a threat -- it does threaten inflation. Much more so than (US Federal Reserve Chairman Ben) Bernanke acknowledges," he said.

"The salvation of the US economy lies in raising up to whatever level we can the innovativeness of the economy and that will require reform of the financial sector, reform the business sector and more transparent and more pro-business policies on the part of the government," the Nobel prize laureate told journalists.

The massive debt now being accumulated by the United States on stimulus spending is a burden sure to thwart future investment in innovation and is harming the US's potential for future growth, Phelps insisted.

"As the economy bottoms out and recovers to a degree, there is going to be a massive level of government indebtedness and that can be sustained. It's not unsustainable, it can be sustained only at the price of high marginal tax rates which for a number of years will cause a great deal of innovative activity to be deferred," he said.

Sparked by the meltdown of its financial sector, the US economy sank into recession in December 2007 in turn spurring the global economic crisis.



Nobel Economics Prize winner Edmund Phelps