

International Business News

Indian industrial output surges

AFP, New Delhi

India's industrial output surged by a better-than-expected 10.4 percent in August, official data showed Monday, which analysts say could raise pressure on the central bank to hike interest rates.

The strong year-on-year figures came on the back of double-digit growth in the manufacturing, mining and electricity sectors.

Analysts were expecting a rise in industrial output of close to 10 percent.

Economists said the robust figures could press the central bank to up rates to control growing inflationary pressures, although most predict no move before January.

India's industrial performance is expected to help offset the impact on overall economic growth of monsoon rains, which have been the worst in nearly four decades and hurt agricultural output, analysts say.

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

Manufacturing production grew by 10.2 percent in August, electricity by 10.6 percent and mining by 12.9 percent.

India's economic growth has fallen from the annual nine percent-plus levels the country logged for several years before the start of the global financial crisis.



AFP

Dancers perform prior to the launch of General Motors (GM) India's Chevrolet Cruz Sedan in New Delhi yesterday. GM India launched the Chevrolet Cruz Sedan in two variants -- the Cruze LT will be available at the price of Rs 11.99 lakh (\$25,779) and the LTZ at Rs 12.45 lakh (\$26,768).

NOBEL PRIZE

STAR BUSINESS DESK

The 2009 Nobel season wrapped up yesterday with the announcement of the winners of the Nobel Economics Prize.

The prize attracted special attention in the wake of the global economic crisis.

Elinor Ostrom has become the first woman to win the Nobel prize for economics since it began in 1968.

Ostrom won the prize with fellow American Oliver Williamson for their separate work in economic governance.

The Economics Prize is the only one of the six Nobel prizes not created in Swedish industrialist Alfred Nobel's 1896 will -- it was created much later to celebrate the 1968 tricentenary of the Swedish central bank and was first awarded in 1969.

Since then, men have swept the Economics Prize, with no woman clinching the 10-million-kronor (1.42-million-dollar, 980,000-euro) honour which can be shared by up to three winners.

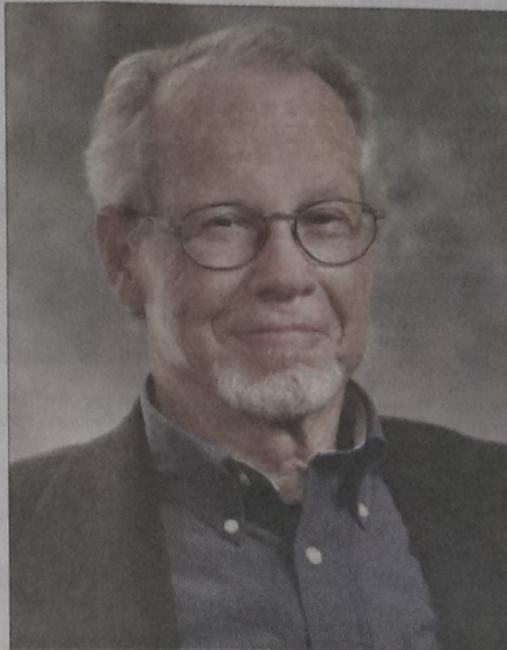
Americans also dominate the list of economics laureates. Last year, the coveted award went to US economist, New York Times columnist and fierce George W Bush critic Paul Krugman for a trade analysis theory that determines the effects of free trade and globalisation, as well as the driving forces behind worldwide urbanisation.

Earlier, US President Barack Obama won the Nobel Peace Prize -- though this aroused some controversy.

BBC economics editor Stephanie Flanders said the judges had rewarded work in areas of economics whose practitioners' "hands were clean" of involvement in the global financial crisis.

Ostrom, who has devoted her career to studying the interaction of people and natural resources, told the Royal Swedish Academy of Sciences by telephone that she was surprised by the Nobel.

"There are many, many people who have struggled mightily and to be chosen for this prize is a great honour," she said. "I'm still a little bit in shock."



Oliver Williamson

The academy cited Ostrom "for her analysis of economic governance," saying her work had demonstrated how common property can be successfully managed by groups using it.

Williamson, the academy said, developed a theory where business firms can serve as structures to resolve conflicts.

"Over the last three decades, these seminal contributions have advanced economic governance research from the fringe to the forefront of scientific attention," the academy said.

It said the American winners' research shows that economic analysis can shed light on most forms of social organisation.



Elinor Ostrom

"Elinor Ostrom has challenged the conventional wisdom that common property is poorly managed and should be either regulated by central authorities or privatised," the academy said.

"Based on numerous studies of user-managed fish stocks, pastures, woods, lakes, and groundwater basins, Ostrom concludes that the outcomes are, more often than not, better than predicted by standard theories."

One notable publication Ostrom wrote in 1990 examined both successful and unsuccessful ways of governing natural resources - forests, fisheries, oil fields, grazing lands and irrigation system - that are used by individuals.

Williamson was cited for arguing that markets and hierarchical organizations, such as firms, represent alternative governance structures that differ in their approaches to resolving conflicts of interest.

Issues of governance, or the rules by which authority is exercised in companies and economies, have been at the heart of the ongoing world economic crisis. The failure by boards of directors, for instance, to police excessive compensation, or prevent bonuses that reward excessive risk taking, can be considered a corporate governance issue.

Details taken from BBC, AFP and AP

Kuwait restores support for Gulf currency in January

AFP, Kuwait City

Kuwait strongly backs the launch of the Gulf monetary union and single currency on time in January 2010, the undersecretary of the finance ministry said on Monday, a day after the ministry demanded a delay.

"Kuwait strongly supports the Gulf monetary union and the launch of single currency as scheduled next January," Khalifa Hamada said in a statement cited by the official KUNA news agency.

"Kuwait is keen to cooperate with its partners in the Gulf Cooperation Council (GCC) at all levels to speed up the completion of all issues related to launching the single currency on its target date in January 2010."

On Sunday, a statement by the finance ministry carried by KUNA called for a delay in the 2010 launch date to allow committees and concerned parties to complete unfinished technical issues.

Kuwait was one of four Gulf states to sign a pact in June to create a joint monetary union council and launch the monetary union and single currency with Saudi Arabia, Qatar and Bahrain the other signatories.

Philips triples third quarter net profit

AFP, The Hague

Dutch electronics giant Philips said Monday it had tripled its net profit to 176 million euros in the third quarter of 2009, compared to the same period last year.

The result was better than anticipated by analysts questioned by Dow Jones Newswires, who had predicted a net loss of 45 million euros.

Sales stood at 5.6 billion euros in the third quarter, down 11 percent from 6.3 billion euros in the same period last year, but an improvement from the 19 percent decline in the second quarter, said a company statement.

"Our Q3 results are a reflection of our strong fundamentals and the proactive manner in which we have been managing our costs," Philips chief executive officer Gerard Kleisterlee said in a statement.

Most of the company's business divisions saw improvements in sales and earnings compared to the previous quarter, he said.

Philips reported a six-fold increase in earnings before interest, tax and amortisation (Ebita) of 344 million euros in the third quarter, from which was subtracted restructuring and acquisition-related charges of 125 million euros and an 87 million euro provision.

Oracle plays up promise of Sun takeover

AFP, San Francisco

Oracle chief executive Larry Ellison on Sunday opened fire on US technology veteran IBM and expressed optimism about the pending 7.4-billion-dollar deal to buy Sun Microsystems.

While kicking off an Oracle Open World conference in downtown San Francisco, Ellison vowed to merge his company's business software prowess with Sun's hardware innovations in a synergy powerful enough to take on IBM.

"We're in it to win it," Ellison said as he joined Sun founder and chief executive Scott McNealy on stage to open a weeklong gathering of fans of Oracle's software for business.

SINGAPORE ECONOMY

Asian recovery hopes brighten



AFP

Boats ply the Singapore river under a bridge near the financial district of the city state. Singapore's economy grew by an estimated 0.8 percent in the third quarter from a year ago, official figures showed yesterday, cementing the trade-driven recovery from its worst recession and boosting the prospects of other Asian countries affected by the global slowdown.

AFP, Singapore

Singapore's economy grew 0.8 percent in the three months to September from a year ago, official estimates showed Monday, boosting recovery hopes in other Asian economies hit by the global slowdown.

It was the trade-dependent economy's first year-on-year expansion in five quarters and was based on July and August numbers. The estimate is expected to be revised when the full September numbers are available next month.

"It's a good sign for the rest of Asia," said Dariusz Kowalczyk, chief investment strategist with financial services firm SJS Markets Hong Kong. "The recovery in the global economy has had a meaningful impact on regional growth."

Singapore was the first Asian economy to go into recession as a result of the financial crisis that began in the US housing sector -- but also among the earliest beneficiaries of improved demand in industrial countries this year.

"A clear but modest recovery is underway globally, at least for the next three or four quarters," the ministry of trade and industry said in a statement.

While gross domestic product (GDP) will fall in 2009, the government amended its full-year forecast to a contraction of 2.0 to 2.5 percent, well below the previous estimate of negative 4.0 to 6.0 percent growth.

"One-off factors such as restocking activities and fiscal stimulus measures will continue to support growth in the near term," the ministry said.

On a seasonally adjusted quarterly basis, GDP surged 14.9 percent following a 22 percent expansion in the second quarter to June, the ministry said.

It was the second successive quarter-on-quarter growth period.

Growth in the third quarter was driven by expansion in the biomedical and electronics manufacturing industries, which are the key pillars of Singapore's industrial sector.

Manufacturing, which accounts for almost a quarter of Singapore's GDP, grew

8.3 percent in third quarter from a year ago and expanded 34.9 percent on a quarterly basis.

The services industry shrank 2.4 percent on the year but expanded 9.5 percent on a quarterly basis. The construction sector surged 12.4 percent year-on-year but fell 0.6 percent from the previous three months, the ministry said.

"Growth was driven by the continued expansion of biomedical and electronics manufacturing output, and improvements in the trade-related and tourism sectors of the economy on the back of a gradual stabilisation in global economic conditions," it said.

The Monetary Authority of Singapore (MAS), the country's central bank, said in a separate statement Monday it was maintaining the policy of "zero percent appreciation" for the Singapore dollar in light of the modest recovery.

The MAS carries out its monetary policy through the Singapore dollar, which is weighted against a basket of currencies of major trading partners within an undis-

closed trading band known as the nominal effective exchange rate (NEER).

"MAS will therefore maintain the current policy stance of a zero percent appreciation of the NEER policy path," it said.

Song Seng Wun, a regional economist with CIMB-GK Research, said Singapore was "firmly out of recession" with GDP expanding in the third quarter.

He has narrowed his 2009 growth forecast for the city-state to a contraction of 2.0 percent from minus 3.0 percent previously.

The third-quarter data boosted local share prices, with the benchmark Straits Times Index closing up 1.05 percent at 2,680.47.

Singapore's economy sank into recession in the second quarter of 2008 as the global financial crisis unfolded, hurting demand for exports to its major markets including the United States, Japan and the European Union.

Its worst previous recession since gaining independence in 1965 was in 2001 when GDP contracted 2.4 percent.

Singapore economy

