

International Business News

Australia tightens rules for foreign property buyers

AFP, Sydney

Australia Saturday clamped down on foreigners buying property after complaints that a rapid influx of Asian money had helped make its housing among the most expensive in the world.

The government reimposed tough rules relaxed in 2008 that say temporary residents need permission to buy homes and must sell when they leave, while foreigners investing from abroad can only buy new properties.

The rules are backed by stiff new penalties including compulsory sell orders, as well as expanded monitoring and a crackdown on real estate agents who help foreigners flout the rules.

They follow growing disquiet that ordinary Australians are being priced out of the market after a decade-long property boom that has accelerated over the past year.

"We want to make sure that Australian working families are not being priced out of their own family homes. That is why we have acted in the way in which we have done," said Prime Minister Kevin Rudd.

"We want to make sure that foreign speculators are not going to force up prices for Australians seeking to buy their own home, buy their first home and we think this is the right course of action."

US may soon create up to half million jobs a month: Biden

AFP, Washington

Vice President Joe Biden on Friday offered a bullish prediction that the US economy could soon create 250,000 to half a million jobs per month, as the recovery picks up speed.

Biden's comments came as economic indicators, bumper earnings figures by some top firms, and a profitable run on Wall Street fuel increasing optimism about the US economy after the worst crisis in decades.

The vice president said he had got "into trouble" with White House candidates for past economic predictions, but made the remarks on a trip to the state of Pennsylvania to stump for Democratic candidates.

"All in all we're going to be creating somewhere between 100,000 and 200,000 jobs next month, I predict," Biden said.

"Even some in the White House said, 'Hey, don't get ahead of yourself.' Well I'm here to tell you some time in the next couple of months we're going to be creating between 250,000 jobs a month and 500,000 jobs a month."

"Because I'm telling you something, folks. We caught a lot of bad breaks on the way down. We're going to catch a few good breaks because of good planning on the way up."



A protester shouts slogans during a demonstration about the economic situation in Greece on Friday. Greece appealed for a debt rescue from the EU and IMF on April 23 and said that help should arrive within days, in a dramatic turn for the eurozone at risk from Greek contagion.

Lufthansa invites iPhone 'loser' to Germany

AFP, Berlin

Lufthansa said on Friday that it has invited the Apple software engineer who left an iPhone prototype in a German-style beer garden in California a free trip to "pick up where you last left off."

In a letter to Gray Powell published on the Internet, the German airline said it had "noted with great interest your passion for German beer and culture."

"We thought you could use a break soon -- and therefore would like to offer you complimentary business class transportation to Munich, where you can literally pick up where you last left off," the letter added.

A Lufthansa spokesman told AFP on Friday the letter was genuine.

Technology blog Gizmodo published this week photos of the next-generation phone, saying it had bought the gadget from an unnamed person also at the bar the night that Powell was celebrating his 27th birthday.

Toyota to show return to profit despite recalls

AFP, Tokyo

Results from Toyota Motor to be released next month are expected to show the auto giant returning to profit in the year to March, despite a massive recall scandal, news reports said Saturday.

The Japanese automaker is expected to post a group operating profit of up to 50 billion yen (530 million dollars), reversing a 461 billion yen operating loss for the previous year, the Nikkei business daily said.

The uptick is mainly due to cost-cutting and a weak yen, which offset the costs of the global recalls, the daily said.

The company has recalled around 10 million vehicles worldwide since late last year due to accelerator and brake defects, but nevertheless expected to see a "good earnings situation" a Toyota executive told Kyodo News.

ANALYSIS

Railway needs a push

ASJADUL KIBRIA

For the past couple of months, policymakers have been loudly preaching the importance of regional connectivity. To give it a shot, they are focusing on railway links with India, Nepal, Bhutan and even China. Some experts, business leaders and think-tanks are backing the idea.

The discussion and debate got momentum after Prime Minister Sheikh Hasina had returned from India, completing a crucial tour. And the issue got another dimension, when she completed her important visit to China.

The idea of regional connectivity is not new, and importance of such connectivity is also not unrecognised. But, the focus on rail connectivity has appeared somehow misleading. When there is no alternative to railway to make an effective link with the neighbours, the negligence to domestic railway still prevails. Any move to regional railway connectivity will not be fruitful unless there is a revival of rail service across the country.

There is high demand for railway service in Bangladesh. That means people want to get the service and are ready to pay for it. But there is a huge shortage of supply in this service. Thus, supply-demand gap is high.

The government and the so-called development partners have devoted most of their efforts to develop the road sector. Although some changes of the attitude of the development partners become visible for the last few years, the government is yet to shift from road-based transport and communication strategy. That is why the projects undertaken by the Asian Development Bank to revive Bangladesh Railway are yet to bring desired results.

The discriminatory attitude of the public policy towards railway is visible in many ways. For example, the allocation for railway in the development budget was Tk 890 crore in fiscal 2009, while allocation for roads and highways department was Tk 1,892 crore. The allocations were cut down to Tk 518 crore and Tk 1,394 crore respectively in the revised budget. And in the current year development budget allocations for railway and road sector are Tk 1,093 crore and Tk 1,714 crore respectively.

But this is not the whole story. It is the implementation that matters more. Whatever the allocation is, utilisation of the allocation is very poor for railway.

For sustainable development, dynamic communication is a must. And without having a well-planned railway system, it is almost impossible to make communication and transportation dynamic and effective. History of development says that railway communication has no alternative.

At present, the railway network spreads over only 3,000 kilometres, while roads and highways cover 21,000km across the country. In fact, the road communication has grown in the country at the expense of the railway. Over the years, the growing nexus between road transport owners and politicians has grossly undermined the railway activities. Despite



A train rumbles through Dhaka. A weak domestic link-up will hurt regional rail connectivity.

being a national entity, railway has been subdued by the nexus.

Moreover, expansion of roads in many areas is unplanned and causing destruction to farmlands and water lands. Railway, on the other hand, can be expanded with a little land acquisition. It is environment-friendly and a safer mode of transportation as well as cost-effective. It saves energy and generates less pollution.

As mentioned earlier, the demand for rail link and service is increasing due to distressful and costly road-based mass public transportation. Let us take an example. The distance between Dhaka and Narayanganj is about 17km by road while in railway it is about 15km. Everyday, around 40,000 people move between two the cities by public transport. But more than 90 percent of them depend on bus service. There are 10 pairs of trains running between the two cities daily (except Friday) having only five passenger bogies each with 70 seats. But the trains are overcrowded, especially in the office-college hours, as almost double the number of passengers against seat capacity travel by standing in the shabby compartments. Thus around 1,000 people take the train trip of 50 minutes with four stoppages.

So more people can be accommodated in train if the number of compartments and frequencies of the service increase. Interestingly, the ticket is only Tk 6 per head on this route, which is quite cheap compared to Tk 22 by bus. So, there is logical scope for increasing the train fare to Tk

10. As a private company is now operating the route, a rise in fare will boost the total revenue.

In fact, revenue earnings from railway are low due to mismanagement and irregularities. In fiscal 2001, the total revenue collected by the railway authorities was Tk 367 crore, which was Tk 550 in FY2009. But revenue expenditure stood at Tk 524 crore and Tk 1,090 crore in 2001 and 2009. Thus, the railway authorities are not able to meet their own expenditure from their own income and so depend on state subsidy. This subsidy also makes railway weaker as it cannot take its own revival programmes.

The freight service is also facing stiff competition with trucks in road. Due to the negligence of the government and mismanagement, there are shortage of cargos and disruption in timely delivery. So businesses have lost confidence on freight service that is still cost effective.

All these failures of the railway are mostly policy-driven. Wrongly designed policy is gradually eroding the railway service. With an eroded service and capacity, it is comical to talk on regional railway connectivity.

Against the backdrop, the government should immediately take some constructive steps to revive the railway in Bangladesh. For this, learning from the Indian experience is important. The government can also seek Indian technical assistance.

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Will tough love fix Greece's economic woes?

AP, Washington

Global finance officials are sending Greece a tough love message: Move ahead on economic reforms and we'll come to the rescue with an emergency loan package.

The rapidly escalating Greek debt crisis was expected to dominate discussions at Saturday's gathering of the 186-nation International Monetary Fund and its sister lending agency, the World Bank.

Greek Finance Minister George Papaconstantinou was scheduled to have separate meetings with IMF Managing Director Dominique Strauss-Kahn, Treasury Secretary Timothy Geithner and finance officials from Russia and Brazil.

Crippled by soaring borrowing costs, Greece triggered an emergency aid plan Friday to draw cash from the IMF and countries that use the euro.

There's enough money in the package to prevent Greece from defaulting on its massive debts. Eurozone members will contribute \$40 billion, while the IMF will pony up \$13.4 billion this year.

Athens is already implementing a harsh austerity program that cuts civil servants' pay, freezes pensions and raises taxes. But the country still faces years of painful cutbacks and doubts about its long-term finances.

The IMF is expediting review of Greece's request for emergency aid.

"You can read a much greater sense of urgency, and that is welcome," Geithner told reporters Friday following a meeting of finance officials from the Group of 20 countries. "Based on what I heard, they (Greece) are going to move much more quickly to put in place a strong package of reforms."

The G-20 is composed of the world's wealthiest industrial countries plus major emerging economies such as China, Brazil, India, South Korea and Russia.

Greece's debt crisis was discussed at the G-20 meeting and is a "source of concern," Canadian Finance Minister Jim Flaherty said after the meeting. But the countries didn't directly address the matter in their joint communique.

The EU's monetary affairs commissioner, Ollie Rehn, did brief the G-20 officials on the Greek aid plan and it was discussed on the sidelines.

"Of course, we could not avoid discussing this issue," Rehn said. "It has potential implications for financial stability in the European Union and globally." Rehn said he believed the EU-IMF aid package could be completed by early May.

French Finance Minister Christine Lagarde said she expected to have French parliamentary approval by May 10. Other countries in the eurozone do not have to go to their parliaments for approval, she said. "It is a work in progress."

Despite the deepening Greek debt crisis, global financial leaders declared Friday that the world's economy is recovering faster than expected from the worst recession in decades. However, unemployment in the United States and other countries remains high.



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