

International Business News

Britain's Osborne to shake up financial regulation

AFP, London
 Britain's new finance minister George Osborne was expected to hand the Bank of England main responsibility yesterday for ensuring the country's financial stability as part of a regulatory shake-up.
 Reports said Osborne would use his first annual Mansion House speech to business leaders to strip the Financial Services Authority (FSA) regulator of the role.
 The body came in for harsh criticism for failing to properly carry out its duties during the 2007 to 2008 banking crisis.
 While the FSA would continue to supervise individual banks, the body would be answerable to the Bank of England, which would be charged with stopping the build-up of risk in the economy, said the Financial Times.
 When in opposition, the new chancellor advocated abolishing the FSA.
 But he is thought to have watered down his proposals as part of the deal to bring his Conservative party into power last month in a coalition government, said the Daily Mail.

EU rubbishes report of 250b euro Spanish credit line

AFP, Brussels
 The European Commission dismissed as "rubbish" reports yesterday that the EU, the IMF and the US were planning a credit line of up to 250 billion euros for Spain.
 "I can firmly deny this story," EU economic affairs commissioner Olli Rehn spokesman's said. "I checked of course from the commission side if there was any team sent from Brussels, as the article claims. And I can say that that story is rubbish."
 The original report in Spanish daily El Economista said that officials were seeking to come up with gentler conditions than those forced on Greece in its 110-billion-euro bailout.
 The EU executive underlined that a 500-billion-euro EU emergency fund of loans and guarantees, that Spain or any other troubled eurozone country could ask to tap into, is "now in place... under Luxembourg law."
 "It's ready but there has been no request and no plan whatsoever for any member state... for activation," the spokesman added.



A model poses with a new LG mobile phone during a new products launch at Ahmedabad in India yesterday. The Cookie Fresh (LG GS290) is priced at Rs 6,199 (\$134) while the Cookie Plus (LG GS500V) is set at Rs 7,990 (\$172).

British lender RBS agrees to sell Pakistan unit

AFP, London
 State-rescued Royal Bank of Scotland said on Wednesday that it had agreed to sell its Pakistan division to Faysal Bank for around 41 million euros (\$50 million).
 RBS said in a statement that it "has reached agreement for the sale of its 99.37-percent holding in RBS Pakistan to Faysal Bank Limited for a total consideration of 41 million euros".
 The group, which is 83-percent owned by the British government after an enormous bailout, added that the deal was expected to complete in third quarter.
 RBS had agreed in August 2009 to sell its Pakistan operations to MCB Bank for \$87 million, but the agreement lapsed in January after MCB did not manage to gain regulatory approvals.

Toyota to agree steel price hike

AFP, Tokyo
 Toyota Motor has agreed to a large hike in the price it pays for steel in a deal that could lead to a substantial increase in purchasing costs for Japanese companies, a report said yesterday.
 Under the agreement, Toyota will pay an additional 20,000 yen (220 US dollars) a metric ton to buy from Nippon Steel in the April-September period compared with fiscal 2009, the Nikkei business newspaper said.
 The hike, the first in two years, will return steel prices to record highs reached in fiscal 2008, the Nikkei said.
 Toyota spokesman Paul Nolasco told AFP the automaker "does not want to comment on the details of the negotiations".
 But he added that "the cost of raw materials was a parameter of total production costs" and that any increase in steel prices was not automatically passed on to the consumer.

COLUMN

Water, water everywhere

SARWAR AHMED
 Students of English Literature can never forget the haunting story of The Rime of the Ancient Mariner, a poem by Samuel Taylor Coleridge. As the story goes, the mariner recklessly "with my cross-bow, I shot the albatross", the albatross having appeared and led their errant, lost ship back on course.

Thereafter, nature takes its revenge, stalling the ship in mid-ocean and eventually, the ship crew die. However, the mariner is allowed to live his guilt, thirsty and delirious in the middle of the ocean, uttering the famous, "Water, water, everywhere, Nor any drop to drink."
 It was mid-May when I was travelling with colleagues down the highway from Chittagong to Cox's Bazar, meeting farm families, as we went to do, on the way. The greenery of rural Bangladesh belied the fact of an unusual sight, empty ponds, parched, cracked lands without water. Farmers wistfully looked up to the blue sky, looking for the rain clouds that should have poured much earlier, giving them the means to cultivate the 'aus' rice crop.

Climate change has arrived. With this change, the biggest impact will be on the availability of water. With global population slated to rise from today's 6.5 billion to 8 billion by 2050 and most of it in Asia, imagine the need to feed this population. Think locally. Bangladesh's population is slated to be 220 million from today's 150 million. What are we doing to face this challenge to feed another 70 million, and of course with less and less water?

We know for a fact that India is damming up most of the rivers that flow into Bangladesh for their irrigation needs. If Farraka is a sore sore in our relationship, we seem to be in a state of denial by ignoring the other dams and their long-term impacts on our agriculture. There isn't much we can do, as India can and will flout international norms of sharing water with a lower riparian country like us.

The same is true with China as it struggles to meet its water requirements, impacting the flow into the Mekong. According to Robert Saiget of APE, "Earlier this year, water on the so-called Mighty Mekong dropped to its lowest level in 50 years in northern Thailand and Laos, alarming communities who depend on the river for food, transport, drinking water and irrigation."

In a Reuters report, David Fogarty says, "A team of scientists in Holland studied the impacts of climate change on five major Asian rivers, on which, about 1.4 billion people,



Syngenta associate Aklima Akter explains the use of a 'pani-pipe' to farmers.

roughly a fifth of humanity, depend for water to drink and to irrigate crops. Immerzeel, a hydrologist at Dutch consultancy FutureWater and Utrecht University, said he believed his team was the first to use a combination of computer modelling, satellite imagery and local observations for these major Asian basins. They found that meltwater was extremely important for the Indus basin and important for the Brahmaputra basin, but played only a modest role for the Ganges, Yangtze and Yellow rivers. The effects in the Indus and Brahmaputra basins are likely to be severe, owing to the large population and the high dependence on irrigated agriculture and meltwater, the authors say in the study.

If you are not aware of your geography, Bangladesh happens to be the Brahmaputra basin, especially the north, being our agricultural hinterland. What options do we have other than draining out our dwindling underground water resource? As you fly over Bangladesh in any direction, you will see the

vast surface water resources we are endowed with. We need to tap into this immense resource by building up irrigation networks to hold and direct the water where we need it. Building these networks will save us underground water, which we need for our lives, beyond agriculture. In addition, creating this irrigation network will create employment for the rural unemployed.

The other option is to seek conservable uses of water. We use 3-5 tonnes of water to produce a kilogram of rice, whereas by using a simple pani-pipe, the consumption of water can be cut by half.

An IIRRI evolved alternate wet and dry technology, this pani-pipe helps farmers save a couple of irrigation cycles, thus saving water and money. I asked for an evaluation from a farmer, Mokhesur Rahman of Goalbaria in Singra, Natore, who used this pani-pipe last boro season. He says his monthly irrigation costs came down from Tk 2,600 to Tk 1,600.

Our distributor, Farooq Hossain at Jamtoli

in Singra, said his electricity bill too dropped substantially by using the pani-pipe in his fields. However, the PDB general manager thought he was tampering with the meter and fined him for the difference!

Advances in agricultural science can help the situation. For instance, in Egypt, a gene in barley, which makes the crop need less water, was transplanted into wheat, thereby reducing the need for water by eight times to grow this wheat.

A recent Swiss breakthrough is the discovery of a fungus, which helps grow rice five times faster.

We need to wake up from this slumber or state of denial about the future of water. As we lack the scientific resources to tinker with crops that will make them draught tolerant, we literally need to dig our future through building irrigation networks and encourage water conservation. Otherwise, we too may be left to lament, "Water, water everywhere..."

The writer is the managing director of Syngenta Bangladesh Ltd.

ANALYSIS

What's behind China's recent labour unrest?

REUTERS, Beijing
 A string of strikes at foreign-owned factories in southern China, especially Honda vehicle plants and parts suppliers, has highlighted the rising demands of young Chinese workers from the countryside.

A series of suicides at Foxconn, an electronics maker with a huge plant in southern China, has intensified attention on discontent in China's labour force.

Here are some questions and answers about the unrest.

HOW SERIOUS IS IT?
 The unrest has been localised and is likely to remain so, but its implications are broad.

The reported strikes since May have disrupted a few factories but barely dented production at Honda, the main company hit. But the disputes reflect the demands of younger migrant workers who expect better wages and conditions than their parents accepted, and who feel underpaid in the face of rising prices and living standards.

Labour unrest in the vast industrial belt hugging coastal China has grown in recent years.

The strike organisers at the Honda plants have shown that a younger generation of workers -- with their higher expectations and savvy use of the Internet and cell phones to mobilise -- could present a tougher challenge to managers and officials.

Demography could also give workers more bargaining power.

The number of Chinese between the ages of 15 and 24 has held at around 200 million to 225 million for the past 20 years. That number is likely to fall by a third in the next 12 years, according to Arthur Kroeber of Dragonomics, an economic consultancy in Beijing.

WHAT ARE THE WORKERS DEMANDING?

Mostly they want pay rises, but they have also been sensitive to any hints that managers are threatening their cohesion.

Workers at the Honda-associated plants have complained of long hours, including forced overtime, for pay that often totals 1,000-2,000 yuan (\$146-\$292) per month. They have demanded pay rises of several hundred yuan a month.

Some of the recent disputes have brought sizeable pay increases, including a 66 percent raise for workers at Foxconn, and 20 percent or more for workers in the first Honda strike at a vehicle assembly plant. Vehicle parts makers have offered workers smaller rises.

In many of China's private factories, state-run trades unions are either non-existent or shells controlled by management. Some striking workers have said they want to form their own independent unions, but that demand has not taken hold widely.

COULD THE UNREST SPREAD?

It could, especially in factories around Shenzhen and Dongguan in southern China where migrant worker discontent about conditions runs deepest.

But even there, the vast majority of factories continue production as usual. The most common response of workers to unsatisfactory conditions remains quitting, not striking.

The example of Honda, however, could bolster demands at other manufacturers for wage rises and better conditions. State media have barely mentioned the unrest, but word travels quickly among workers connected by the Internet.

Beyond China's far southern manufacturing zone, worker protests have been common for years, but the latest unrest appears very unlikely to escalate into nationwide stoppages.

Chinese workers in state-owned factories and mills have their own complaints about wages, conditions and dismissals, especially when those plants have been privatised, prompting claims of corruption and profiteering. Some of them may feel emboldened.

But these workers tend to be older and have little to do with migrant labourers from the countryside. No alliance is likely.

In many big state-owned companies, the booming economy has boosted profits and wages. Their workers are not spoiling for confrontation.

WHAT WILL THE GOVERNMENT DO?

Expect a piecemeal response, not a thunderclap of policy changes.

The Chinese government faces contending pressures over how to deal with the workers' demands, and that means the official response is likely to be low-key and vary from place to place.
 Chinese President Hu Jintao and Premier Wen Jiabao have said that improving the incomes and welfare of farmers and ordinary workers is a cornerstone of his policies.

But much of the country's exports have long relied on cheap labour. Local officials in particular will be reluctant to risk losing investment by allowing a rapid rise in industrial wages.

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