International Business News

US firms brace for new squeeze on high-tech visas

AFP, *Washington*

Facing another squeeze on a visa program for skilled workers, US business leaders are stepping up efforts to raise the limits, arguing that the nation is running short of the talent it needs to remain competitive.

A broad coalition of businesses, especially in the tech sector, are warning that the quota of 65,000 for the so-called H-1B visa program on April 1, is likely to be filled the first day submissions are accepted for the fiscal year starting October 1.

If that occurs, employers seeking to hire skilled foreigners will have to wait for next year's application to hire people in October 2009.

It would be the second year in a row that the limit will have been reached on the first day, and will prompt the US Citizenship and Immigration Services agency to resort again to a "lottery" to award these visas.

Robert Hoffman, vice president at software giant Oracle and head of the Compete America coalition, said the squeeze on these visas is hurting the ability of American companies to compete in the global marketplace.

"This is an arbitrary and outdated cap set in 1990," Hoffman told a gathering of business leaders and journalists in Washington this past week.

"For the second consecutive year, US companies and research institutions will be forced to put plans on hold as they wait for a random lottery to determine who gets to hire the scientists and engineers they need. It's no way to run a business, or a visa program."

Tougher times ahead for Chinese investors

AFP, *Shanghai*

The good times may be over on China's once soaring equity markets, but college student and stock punter Jason Zhao has a piece of advice for the nation's jittery investors: don't panic and sell.

While many investors have incurred huge losses as China's stock market has plummeted 41 percent since its peak nearly six months ago, Zhao, 22, has taken the downturn with the stoicism of a life-long investor.

"The big profits made investors believe that it was easy to make money from the stock market. Now it's getting harder," said the computer science major from Shanghai's elite Fudan University, who began investing three years ago.

When AFP last spoke with Zhao in April last year, he was raking in huge profits as he rode the frenzied investment boom in equities that had propelled China's bourses to repeated records.

Zhao's winning stock picks drew the demand of his classmates and professors alike and he soon found himself managing up to five million yuan (650,000 dollars) of their money.

AFP

Cargoes are unloaded from vessels at Saigon port in Ho Chi Minh city on March 6, 2008. Facing a boom in marine traffic, Vietnam needs to develop its port facilities.

Markets brace for slump in Japanese business confidence

AFP, *Tokyo*

A key survey of corporate Japan is expected to show that business confidence has plunged to a four-year low on worries about high oil prices, a stronger yen and a weak US economy, analysts predict.

The Bank of Japan's closely watched "Tankan" report, due out Tuesday, is likely to show companies are scaling back their profit forecasts and investment plans as a result of the tougher operating environment, they said.

"The deterioration of the profit environment, stemming from a slowdown in overseas economies and surging crude oil prices, as well as the appreciation of the yen, have dealt a huge blow to corporate sentiment," Mitsubishi UFJ Securities senior economist Tatsushi Shikano said.

"Reflecting a slowdown in overseas economies, some companies now face the need to reduce production to deal with unexpected rises in inventories," Shikano said.

Economists, on average, predict the headline index of confidence among major manufacturers slumped to 12 in March from 19 in the December Tankan survey of more than 10,000 companies, according to a survey by the Nikkei business daily.

That would be the lowest level since March 2004. Confidence has already fallen from a two-year high of 25 seen in December 2006 but it is still much higher than a low of minus 38 struck six years ago.

Sentiment among big non-manufacturers is expected to have deteriorated to a reading of seven from 16 in the December poll.

SMALL BUSINESS

Women do business, men bank

SAJJADUR RAHMAN

A woman entrepreneur in Dinajpur runs a small scrap iron business, but her husband does the banking transactions. Another woman in Cox's Bazar operates a small handicrafts business, but it is her brother who deals with the bank.

"A woman entrepreneur needs the signature of her husband to take a loan for her business, but a man doesn't have to have the signature of his wife when he wants to borrow!" fumes Naaz Farhana Ahmed, a woman entrepreneur who has been running a handicrafts business for 15 years said.

"If we don't even get the money for selling our products, what is the point in doing business with so many hassles and hardships," Nasreen Awal Mintoo, a leading woman entrepreneur said.

Nasreen Awal Mintoo, who heads Women Entrepreneurs Association of Bangladesh, said she listens to hundreds of complaints from women entrepreneurs across the country about the treatment they get from banks from access to finance to basic services.

"Many of them ask for a separate bank for women to be set up," she said, adding that the government and Bangladesh Bank had been reluctant to give out a license for such a bank.

The extent of the problem faced by women was highlighted in recent research by Dr Rita Afsar, a senior research fellow of Bangladesh Institute of Development Studies.

Her study looks at around eight thousand women involved in running small and medium sized enterprises (SME) largely in areas such as producing and exporting handicrafts, beauty parlors, schools and even in the CNG conversion business.

Overall a picture is painted of women having to battle to gain the basic services needed to run a business.

"Women have to suffer for trade license, tax, insurance and most importantly with loan disbursement," said Rita.

Indeed borrowing from banks can be virtually impossible. Rita observed that not a single woman entrepreneur in the country had received long-term bank loan for SME in recent years.

In total only 13 percent women entrepreneurs have received bank loans at all, but these were all below Tk 50,000 and the interest rate was as high as 18 percent, she said.

Yet while the authorities are not keen on a separate women's bank they are aware that problems exist and have taken some steps to redress the balance.

Last year Bangladesh Bank set up a TK95 crore fund to provide cheap credit to the country's women entrepreneurs. However by February only one-woman entrepreneur had actually applied for a loan.

Recently the government adopted a new tactic, suggesting that all nationalised banks should have women directors on their boards in order to press for an increased distribution of loans to women customers.

"Banks should disburse collateral free loans to women entrepreneur to increase economic growth," said Dr AB Mirza Azizul Islam, advisor for finance and planning at a seminar in Dhaka earlier this month.

The move was greeted with some enthusiasm by women leaders, but they added a note of caution saying the situation would not change if the women directors on the state banks acted as their colleagues on the private commercial banks.

"Women act as dummy directors in different private banks. They're not active and can't play any real role," Nasreen Awal said.

Nasreen Awal has a point. If you look at the boards of private banks almost all have women on the boards. Prime Bank has five women in its board of directors, Mercantile Bank four, United Commercial Bank and National Credit and Commerce Bank each have three women on their boards and National Bank and Premier Bank each have two.

Of those women directors, one holds the post of chairpersonship of a bank.

Have the problems faced by women entrepreneurs changed in those banks?

"No", said a chief executive officer of a nationalized commercial bank requesting not to be named.

"Very few women directors attend the board meetings, let alone talk on their involvement in the bank's activities or look after the interests of women entrepreneurs," said the CEO, who had also served at a senior level in the private sector.

Economist Prof Atiur Rahman said real woman entrepreneurs can play a positive role in the boards.

"When I was in the board of the Sonali Bank along with Khushi Kabir, a woman entrepreneur, we made policies supporting women," said Rahman who also served as the chairman in the board of Janata Bank, another state-run bank.

However Prof Rahman said that in some private banks: "Women are giving proxy either for their husbands or for fathers in the boards of those banks. They are not capable"

He believed there is lot of capable women entrepreneurs, professors and researchers who can easily adopt to the activities of a bank.

Nasreen Awal says this time there needs to be more than just words. "We hear much from the government, but we see hardly anything being implemented," she said pointing to the example of the failed attempts to provide collateral free loans.

Moreover no government has been prepared to take an initiative to cancel the requirement of a woman entrepreneur to seek a husband's signature to take a loan, she adds.

SYED ZAKIR HOSSAIN

Nasreen Awal Mintoo, chief of Women Entrepreneurs Association of Bangladesh, says women entrepreneurs need easy access to finance.

Sajjad@thedailystar.net

FINANCIAL MARKET

Free-market thinking takes hit from US economic crisis

AFP, *Washington*

A deepening economic crisis has led to unprecedented actions by US policymakers that raise questions about how far government regulation should go in a free-market economy, analysts say.

The Federal Reserve, in addition to dramatically cutting interest rates, has opened up its massive reserves to Wall Street securities firms for the first time since the Great Depression in an effort to stabilize a jittery financial system.

This move, along with a Fed-engineered rescue of troubled investment giant Bear Stearns, raises the prospect of new supervision of Wall Street firms that had previously escaped regulators.

"My guess is that the Bear Stearns deal will unleash a new round of financial regulations," says Irwin Stelzer, an economist at the Washington-based Hudson Institute.

"If federal money flows, can regulation be far behind?"

Allan Meltzer, a professor of political economy at Carnegie Mellon University, says the Fed agreement to guarantee 29 billion dollars in troubled Bear Stearns assets was a mistake.

"This action transferred potential losses from the market to the taxpayers," he said. "I do not believe the present system can remain if the bankers make the profits and the taxpayers share the losses."

John Makin at the American Enterprise Institute said the Fed rescue was "an unprecedented step, roughly equivalent to the use of emergency Fed powers not employed since the Great Depression," and says that with the aid, regulation is inevitable.

Treasury Secretary Henry Paulson, a former chief executive at Wall Street titan Goldman Sachs, said the collapse of Bear Stearns highlights the need to think about regulation of securities firms on the same terms as banks.

Paulson said his office is working on a "blueprint for regulatory reform" that will address the question.

"This latest episode has highlighted that the world has changed as has the role of other non-bank financial institutions, and the interconnectedness among all financial institutions," he said.

"These changes require us all to think more broadly about the regulatory and supervisory framework that is consistent with the promotion and maintenance of financial stability."

Yet some analysts say a new regulatory scheme may not end the crisis if the US housing market sees a further meltdown. This has spurred talk about a government-led rescue with new guarantees for shaky mortgages.

Although the Fed has effectively assumed billions of dollars in troubled mortgage securities, some are urging a new effort similar to the 1990s government fund to buy up bad loans in the savings and loan crisis.

Stelzer said a proposal by Representative Barney Frank and similar ones from Democratic presidential candidates on this are "gathering support even from free-market conservatives."

The Frank plan "would have the government insure new mortgages that reflect the new, lower value of the houses," Stelzer said. "Lenders would take a loss, but not very different from the loss they would incur if they foreclosed and tried to peddle the seized property in the already-glutted home market."

Some say the unprecedented intervention by authorities threatens to impede a market correction and undermines the basic principles of capitalism.

Ed Yardeni at Yardeni Research said Fed chairman Ben Bernanke "made monetary history" by opening the discount window and "crossed even further over to the dark side of financial socialism" by allowing the firms to pledge illiquid mortgage debt as collateral.

"Comrade Ben is determined that there will be no financial meltdown and no depression while he is in command," Yardeni said. "Given the initial positive reaction in stock prices last week, I suppose this means that on Wall Street, we are all financial socialists now."

Todd Harrison, a former Wall Street trader who writes a blog on the website Minyanville, argues that the Fed is placing its balance sheet at risk by assuming troubled mortgage debt.

"If the economy continues to deteriorate, the Federal Reserve would effectively and eventually become insolvent. It won't go bankrupt -- it will simply print more currency and further dilute the value of the dollar."

But Harrison said the problems would fix themselves if authorities allowed the free market to work.

"Our current conundrum can be traced back to the implosion of the tech bubble," he said. "If we were allowed to take our medicine rather than being injected with artificial drugs, we would already be on the road to recovery."

An AFP file photo shows traders work the floor of the New York Stock Exchange after the Federal Reserve board interest rate decision was announced on March 18. A deepening economic crisis has led to unprecedented actions by US policymakers that raise questions about how far government regulation should go in a free-market economy, analysts say.