

International Business News

US mortgage crisis could cost banks \$650b

AFP, Geneva

The crisis in the US housing market, which has sent shockwaves around global financial markets, could cost the banking system a total of 650 billion dollars (411 billion euros), Credit Suisse economists said Friday.

The estimate is lower than the International Monetary Fund (IMF) which earlier this week predicted total losses of 945 billion dollars.

"Thus far, losses have totalled 278 billion dollars, suggesting that perhaps just over 40 percent of what needs to be revealed, has been revealed," the economists said in a research note.

Lending institutions alone could face 390 billion dollars in losses, they said, leading to capital hikes similar to UBS's 13 billion dollar bail-out by Singapore's state investment fund and an anonymous Middle Eastern investor.

"To date, lending institutions have raised some 160 billion dollars with the potential to raise another 91 billion," the analysts said.

Google gains from Yahoo-Microsoft takeover drama

AFP, San Francisco

Microsoft's unwanted courtship of Yahoo is spinning into a dramatic soap opera that analysts say is playing into the hands of Internet search king Google.

While the US software giant says Google's dominance online is the reason it is eager to buy Yahoo, the California firm's efforts to stave off Microsoft leave Google free to concentrate on strengthening its grip on the market.

"Our big take-away now is that as the situation gets more muddled with more participants and more uncertainty, it seems to solidify Google's standing in the industry," Cantor Fitzgerald analyst Derek Brown told AFP.

A series of Yahoo maneuvers aimed at rebuffing Microsoft were announced or leaked this week, while the software giant may also be upping its game.

On Thursday a report surfaced that Microsoft is exploring an alliance with News Corporation owned by Rupert Murdoch.

Terms of a possible deal include News Corp. contributing cash to help Microsoft buy Yahoo, and then adding its popular social networking website MySpace to the resulting Internet entity.

Such an alliance would be an abrupt change of sides for News Corp., which was among possible "white knights" that Yahoo reached out to for salvation after Microsoft came on strong with a 44.6-billion-dollar offer February 1.



An Indian Kashmiri street vendor sells vegetables in Srinagar yesterday. Indian inflation jumped to a 40-month high of 7.41 percent on Friday, dealing a blow to the government and fanning expectations of more monetary tightening that would hit economic growth.

Toyota to invest \$350m, make small car in India

AFP, Bangalore

Japanese giant Toyota Motor said Friday it plans to invest 350 million dollars to build a new plant in India and develop a small car for one of the world's fastest-growing motoring markets.

The automaker's second plant, which aims to start production in 2010, will go up on the site of the Toyota Kirloskar Motor (TKM) facility on the outskirts of the southern Indian IT hub of Bangalore.

It will manufacture an annual 100,000 passenger vehicles, taking TKM's overall capacity to more than 160,000 units, the company said in a statement.

Toyota and other carmakers are competing to increase their share of a market where automobile sales are forecast to reach two million units by 2010, from 1.4 million last year, as the economy expands and middle-class incomes rise.

Automakers including Volkswagen and General Motors plan to invest billions of dollars in India, where the Tata group in January unveiled the world's cheapest car for 2,500 dollars, promising to revolutionise travel for millions.

US will work with partners to avert future crisis: Paulson

AFP, Washington

US Treasury Secretary Henry Paulson warned Friday that the struggling US economy may face rougher times ahead but insisted its fundamental prospects are in good shape.

The Treasury chief also said Washington would work with its global partners to take steps aimed at averting future financial crises.

"The financial market turmoil and its impact on global growth underscore the need for all countries to remain open to trade and investment," Paulson said after a meeting here of finance ministers and officials from the Group of Seven major industrialized countries.

"We have worked, and will continue to work, closely to address global challenges and take concrete actions," Paulson said.

G7 officials endorsed a plan earlier Friday aimed at preventing a repetition of the recent financial market turmoil which has caused tens of billions of dollars of losses for major banks and securities firms.

"There may be more bumps in the road" for the US economy, Paulson cautioned.

SHRIMP FARMING

Prawn sandwich destroys Philippines fish nurseries

AFP, Manila

She helped turn many of the world's prawn farmers into millionaires, but Jurgenne Primavera now worries that her life's work might have indirectly accelerated the destruction of fish nurseries.

The Filipina zoologist, whose research on breeding the black tiger prawn became a manual that revolutionised the aquaculture industry, pointed at 66 hectares (163 acres) of brackish water fishponds at the bottom of a windy bluff in this seaside town south of Manila.

Local conservationists have filed a landmark suit against the owner, a wealthy lawyer accused of killing off mangroves -- trees that grow on marshy coasts and serve as vital nurseries for the young of open-sea fish species.

"The law bans cutting of mangroves, but he (the fishpond owner) skirted that by building dikes that cut off the seawater, until the trees eventually died," said Jessie de los Reyes, a local marine ecology advocate.

"Now the community is suffering because their ground water has turned salty and their access to fishing areas has been cut," de los Reyes added. The case is pending.

Despite cheap government loans and generous land leases in the 1970s, prawn culture failed to reach its full potential in the Philippines, where the ponds turned out to be better suited for growing milkfish, said Primavera of the Philippines-based Southeast Asian Fisheries Development Centre.

But the industry took off elsewhere, creating new wealth for many of the pioneers who fed the world's acquired taste for prawn sandwiches.

"Mangroves were cleared



Norman Duke, a University of Queensland marine biologist who is one of the world's foremost experts on mangrove forest ecosystems, shows collected seedling of a Rhizophora variety for research in Calatagan, south of Manila recently. Duke said over the past 50 years aquaculture, or commercial fish farming, has wiped out a third of the world's mangrove forests.

for prawn farming in countries that did not have a long tradition in aquaculture, such as Thailand, Vietnam and Ecuador," said Primavera.

Thriving at or near the mouths of silt-laden rivers and estuaries, the trees feature grotesque-shaped prop roots that serve as lungs allowing them to thrive in saline and waterlogged soils.

They serve as nutrient-rich

marine nurseries for juvenile fish, shrimp and other wildlife and as habitats or wintering areas for coastal and migratory birds, and they protect shores against storms and large waves.

Over the past 50 years aquaculture, or commercial fish farming, has wiped out a third of the world's mangrove forests.

In some areas such as the Philippines the loss has

been up to 80 percent, said Norman Duke, a University of Queensland marine biologist who is one of the world's foremost experts on mangrove forest ecosystems.

"The simple story is: no mangroves, no fish," Duke said.

Subject to volatile market prices and ecosystem degradation, prawn farms last only for a few years and abandoned

farms are virtual wastelands, said Nico Koedam, a University of Brussels botanist who has done extensive research in Sri Lanka, India and Kenya.

"This is happening mostly in Southeast Asia," said Koedam. "You also lose a lot of mangrove forests from fishponds in India and Sri Lanka as well."

Adds Duke: "Conversion is

COLUMN

HABIBULLAH N KARIM

IT professionals: Knowing-doing gap

The IT industry today employs more than 12,000 IT professionals covering the full gamut of IT skills such as systems engineering, network administration, database administration, software engineering, systems analysis, testing, research and the like. The academic profile of these professionals varies widely but a significant proportion (around one third) are computer science or engineering graduates from nearly 80 public and private universities of the country.

What is not apparent in the above scenario is that a large number of computer science and engineering (CSE) graduates in recent years could not find employment in the IT profession while at the same time many software and information technology enabled services (ITES) firms of the country were and are still finding it difficult to fill up positions with competent people. This apparent conundrum exists due to the fact that many of the CSE graduates who are equipped with the commodity skills of programming or computer engineering, lack the finishing touches needed to make them commercially productive. Among these finishing touches are mostly soft skills and also some hard skills that

administration since 9/11. Other factors contributing to this are: the desire of the IT outsourcing buyers in North America and European Union to reduce dependence on any one destination and check the rising trend of outsourcing rates.

The IT industry is growing at a healthy clip and is expected to grow at 50 percent or more over the next five years. At this rate the industry will need more than 70,000 employable IT professionals during this period. But simply producing more programmers or database administrators or network engineers will not be enough. The IT graduates or other graduates making a switch to the IT profession will need to satisfy the needs of the industry -- an industry that does not want programmers but problem solvers, does not want project managers but project deliverers and does not want business analysts that do cost assessments but benefit assessments.

The IT professionals and of course the IT entrepreneurs have known this need for soft and hard skills not taught at universities all along but little progress has been made in this respect. There is a ray of hope though. Bangladesh Computer Council (BCC), a



A file photo shows visitors crowding a stall at an IT show in Dhaka. In recent years a good number of computer science and engineering graduates could not find jobs, while at the same time many IT firms are still finding it difficult to fill positions with competent people.

quasi-state body set up in 1988 to promote the use and spread of computer technology in the country and Bangladesh Association of Software and Information Services (BASIS), the national software and ITES trade lobby, joined hands late last year to come up with a project plan in this regard. The plan

will go all out in making this project a reality before the current fiscal year comes to an end, the universities and IT entrepreneurs themselves must also find ways to collaborate to their mutual benefit.

Habibullah N Karim is an IT entrepreneur. hkarim@gmail.com