

International Business News

EU plans farm sector shake-up in face of record food prices

AFP, Brussels

The European Commission was to recommend on Tuesday a shake-up of Europe's farm sector to crank up production in the face of soaring demand, with Britain and France braced for battle over hand-outs to farmers.

With food prices rocketing worldwide on tight supplies, the European Union's executive arm wants to encourage farmers to produce more after years of trying to rein in chronic overproduction.

Even though prices of farm products have eased off recent peaks, they remain at historically high levels amid rising demand in China and India with wheat up 84 percent over one year, maize 21 percent and butter 21 percent.

According to drafts, the commission's proposals focus on phasing out milk quotas and scrapping rules on keeping land fallow, which it hopes would bring four to five million hectares (10-12 million acres) of idle fields into production.

Philippines cuts subsidies to state-owned firms

ANN/ PHILIPPINE DAILY INQUIRER

The government of the Philippines has drastically reduced the amount of subsidies it extends to state-owned companies to force them to become financially independent.

Data from the Department of Finance showed that the government only granted 2.5 billion pesos (US\$58.25 million) in subsidies to state-run firms in the first four months, down 70 per cent from the 8.43 billion pesos (\$196.43 million) extended in same period last year.

"There is now a preference for equity infusion," Finance Undersecretary Jeremias Paul Jr said in a briefing Monday on the government's fiscal performance in April.

Paul said infusing more equity into state-controlled companies instead of granting subsidies would help increase dividends for government.

This explains the dramatic increase in the government's equity investments in government-owned and -controlled corporations (GOCCs) to 600 million pesos (\$13.98 million) as of April from 110 million pesos (\$2.56 million) in the first four months last year.

Arcelor Mittal announces \$3b bond issue to cut debt

AFP, Paris

Arcelor Mittal, the world's biggest steel producer, announced on Tuesday a bond issue to raise 3.0 billion dollars (1.9 billion euros) which would be used to reduce debt.

Half of the amount would be raised with bonds with a life of five years and half with 10-year bonds.

The five-year bonds would yield 5.375 percent and the 10-year paper 6.125 percent, the group said.

LIVELIHOOD

The cost of art on the move



(Left) Hussain paints the backplates of a rickshaw. (Right) Shamsul Alam, a rickshaw garage owner, is working on a decorative piece to be used in the non-motorised three-wheeler passenger vehicle.

KAWSAR KHAN

On one of the years hottest days Hussain moves his small paintbrush over a rickshaw frame at fantastic speed, crafting birds and flowers as if on autopilot.

"Now the work is very easy to me. But it was not easy at all when I started in this job as a 16-year boy," said Hussain who is now 33.

Hussain works at a rickshaw garage in Jatrabari in the capital where new rickshaws are assembled. By painting the black frame, he is taking the first step in the complicated process of decorating each rickshaw, a process that can account for between 20 to 30 percent of the cost of each vehicle.

After Hussain has finished, an aluminum encased seat, itself covered in paintings,

studs and photos, is added. Then there is the plastic hood with its motifs as well as selected ornaments and plastic flowers. Finally there is the backplate with paintings ranging from rural scenes, to trains, planes and movie star heroes.

Hussain is happy to talk about his trade as he works, but he is gloomy about his prospects. If there is work he can earn perhaps Tk200 a day, but during the past years work has been irregular while his cost of living has soared.

"If I paint three rickshaws I get around Tk 200 a day, but the number of new rickshaws being produced is falling," he laments.

"During my learning years I worked as an assistant to my ustad (master) learning the art," said Hussain, who now has two helpers cum learners himself. The trainees do the

less important parts of the rickshaw with the final touches given by the master.

"If the artist did all the work himself it would take a huge time to complete the job, so every artist has a few apprentices who help their masters," said Hussain.

Hussain was not paid by his master when he was a novice, and he doesn't pay money to his novices. Since there is no formal education for rickshaw artists the craft is passed from generation to generation, from master to novice.

In her book, 'Rickshaw Art in Bangladesh', France Lasnier says the fancy decoration of rickshaws is a relatively recent phenomenon.

"Laws regulating the external appearance of rickshaws were drafted by the British colonial administrators in the early 20th century; 'The body,

wheels and shaft of all rickshaws shall be painted dark blue with thin red lining, and all iron work shall be painted black," Lasnier writes, citing the British rules.

After independence decoration really got going and by the 1950s movie stars became a popular feature, as did idealized rural scenes, buildings, vehicles and exotic birds and animals.

PC Das, a rickshaw painter who also works in the Jatrabari garage, mainly paints backplates, the pictures that hang under the seat above the back axle.

"Depending on merit and dedication it takes between two and three years to learn a single kind of motif. As it is a long time process to learn, artists often don't show interest in diversifying their skills," he said.

According to rickshaw assemblers a complete rickshaw costs around Tk14,000. While the painters may only get a few hundred taka per vehicle, the cost of paints and other materials such as the hood and seat can push the total cost of decoration to several thousand taka.

While the beauty of a freshly decorated rickshaw can turn heads, it may seem odd that owners are prepared to pay so much for what can be called 'extras'.

Shamsul Alam, a rickshaw garage owner, explained the economic logic. "Everyone likes beautiful things. If a rickshaw is decorated, it attracts more passengers and we also charge extra money for its dailly rent."

"But now you will find huge numbers of rickshaws on the road that are undecorated as

owners cannot afford the additional spending," Alam went on.

PC Das began his profession as a rickshaw artist in 1969 when he was 18-year old, but he too is downbeat about the present state of the trade.

"A few years ago I used to get Tk 70-80 for painting a rickshaw plate, and that time I could buy five kgs of rice with the money. The price I get for a painting now is the same but I can hardly buy two kgs of rice with the money."

Asked if he had ever received any recognition for his art, Das said, "Once a few persons bought some of my works at the market rate and I later came to know that they sold the pieces as art for very high prices, but I got no benefit from this."

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RECESSION

'Recession-proof' Las Vegas hit by US economic downturn

AFP, Las Vegas, Nevada

For almost any other tourist hotspot, greeting nearly 10 million visitors and earning 2.9 billion dollars from convention business in three months would be a cause for cheer.

But for Las Vegas, those figures reflect the cold truth that, in a break from its history as a recession-proof oasis in the American economy, Sin City is hurting in the nationwide downturn, too.

Latest economic figures, released last week by the Las Vegas Convention and Visitors Authority, show that through March 31 several important indicators are either flat or down.

The 2.9 billion dollars in convention revenues represents a 7.1 percent decline and is due partly to a 12.6 percent drop in the number of conventions.

It all adds up to an unfamiliar feeling for a destination that has long prided itself on being impervious to the harshest sides of swings in the national economy.

"This is different from prior downturns," said Bill Lerner, a Vegas-based Deutsche Bank gaming sector analyst.

"Now that there's a lot more non-gaming amenities in Las Vegas, the visitation mix is leaning toward non-gamblers, and the consumer coming to Vegas is different now than it was in prior recessions."

Since 1970, Las Vegas saw gambling revenues fall only once -- in the aftermath of the

September 11, 2001 terror attacks, when gaming revenues in 2002 were less than one percent lower than 2001.

As in earlier tough times, Vegas resorts get creative in finding new niche markets to pursue.

The 2001 downturn prompted the advent of aggressive marketing to gays, Hispanics and blacks.

This time, casinos are focusing on lucrative overseas markets where the weak dollar makes coming to Las Vegas a bargain.

"Bachelor parties in Vegas are now all the rage for soon-to-be-wed fellows from Australia and the UK, for instance, because it's so cheap to get there," said Robert LaFleur, a gaming-stock analyst for Susquehanna Financial Services. "If the Hispanic market's been tapped, the gay market's been tapped, the cat-lower market's been tapped, you go find business where you can find it."

"Right now, it's an easy sell to get people from overseas."

As for the hard facts, gambling revenues for the top casinos were down 4.8 percent in March for a 3 percent drop thus far in 2008; the average daily market rates dropped 2.7 percent and the stock prices of Las Vegas Sands, owner of the Venetian and Palazzo, fell 38 percent and MGM Mirage, owner of Bellagio, Mirage and eight other Strip resorts, have fallen 42 percent since November.

Overall visitor volume is up



Women play at the Paris Las Vegas Hotel on Las Vegas Boulevard, known as "The Strip", in Las Vegas recently.

0.4 percent so far in 2008, but experts say it would be down had it not been for this leap year's extra day in February.

The thinking in past recessions has been that gamblers tended to come to Las Vegas even when times were tough hoping to win something.

But the Las Vegas of 2008 earns just 40 percent of its revenues from gaming sources and the rest from upscale leisure amenities such as restaurants, spas, nightclubs and shows that downturn-damaged Americans can't afford.

In 1992, the last comparable recession, the calculus was

reversed; gaming revenues represented 58 percent of overall cash flow.

That makes it harder for Vegas to stay above the economic mire because leisure and business travelers cut discretionary spending, Lerner said.

Indeed, several major annual conventions have seen fewer attendees show up and have seen those that come stay for shorter periods.

The National Association of Broadcasters convention in April is one such example, greeting 105,000 registrants, down from 111,000 in 2007, said NAB executive vice presi-

dent Chris Brown.

Those figures could have been worse, but advance registrations were so far down that several hotel-casinos voluntarily offered to cut room rates by 10 dollars or more to encourage attendance, he said.

"That's never happened before," Brown said.

Every facet of the nation's economic woes is rearing its ugly head in Vegas.

The credit crunch has forced several major construction projects on the Strip to be delayed, including a second tower for Donald Trump's newly opened condo-hotel

and a six-billion-dollar version of New York's Plaza Hotel.

Nearly four percent fewer cars crossed the Nevada-California border along Interstate 15 through March, reflecting in part that record high gasoline prices are curtailing drive-in visitors from California.

In the past six weeks, three airlines with substantial service to Las Vegas -- Aloha, ATA and Champion -- have announced they are going out of business. And if the Strip is slumping, the many casinos that cater to local Las Vegas are facing double-digit drops in gaming revenues in a city that has one of the highest home foreclosure rates in the nation.

The downturn has also prompted some layoffs, most significantly the elimination of 440 middle-management jobs at MGM Mirage for a savings of 75 million dollars annually.

Still, there are some silver linings. More than 30 billion dollars in new construction continues unabated, promising to deliver another 40,000 hotel rooms to the current 136,000 by 2011 and creating more than 100,000 new jobs.

Travel deals are flooding the email boxes of many frequent Las Vegas visitors, including cut-price 68-dollar weekend rooms at the MGM Grand and airfares as low as 37 dollars each way from San Francisco.

Some of the top shows are, for the first time, on sale for discounts at various half-price ticket vendor kiosks around the Strip.



A mother holds her child up as she joins a demonstration in Jakarta yesterday. Thousands of students and workers, including women and children, took part in the demonstration to protest against the government's plan to increase the price of oil.

Bush sees progress on US housing reforms

AFP, Washington

US President George W. Bush met Monday with Treasury Secretary Henry Paulson to discuss "tough times" for the world's richest economy and lawmakers' efforts to steady the crisis-hit housing sector.

"Laws shouldn't bail out lenders, laws shouldn't help speculators. Government ought to be helping creditworthy people stay in their homes," Bush said during a brief joint public appearance in his Oval Office.

"And one way we can do that -- and Congress is making progress on this -- is the reform of Fannie Mae and Freddie Mac. That reform will come with a strong independent regulator," said the president.

The government-sponsored mortgage finance giants are stockholder-owned firms created by the US Congress to provide funds for the housing market by buying mortgages and issuing mortgage-backed securities.

No decision on output before Sept meet: Opec

AFP, Algiers

Opec president Chakib Khelil said Monday the oil group would take no decision on output levels before a meeting in September despite calls by the United States for a hike to dampen soaring prices.

"There will be no change in Opec output before the meeting in September (in Vienna)," said Khelil, who is also Algeria's energy minister.

"All decisions regarding maintaining or increasing current Opec production will be taken at that meeting," he told a meeting.