

International Business News

Africans urged to 'eat locally' at poor people's summit

AFP, Katibougou  
While the Group of Eight wealthy nations get together to discuss the food crisis in Japan, an African anti-globalist meeting stressed Africans could help themselves by eating local products.  
An enticing people's market with locally produced rice, mangoes, traditional medicines and African clothes is part of the so-called "poor people's summit" in Katibougou, Mali, held as a counterbalance to the G8 summit.  
In the dusty West African town activists are helping both farmers and craftsmen promote their own products.  
"They speak of a food crisis, but look, there is food. The problem is that people still prefer to eat what comes from abroad instead of local produce," said Umar Diakite, who represents textile workers in Mali.  
Based in a little square close to the Soviet-built agricultural college, the market swarms with people -- men and women, young and old. Fresh produce is piled high.

China's economy to become world's biggest in 2035

AFP, Washington  
China's economy will overtake that of the United States by 2035 and be twice its size by midcentury, a study released Tuesday by a US research organization concluded.  
The report by economist Albert Keidel of the Carnegie Endowment for International Peace said China's rapid growth is driven by domestic demand more than exports, which will be sustainable over the coming decades.  
"China's economic performance clearly is no flash in the pan," Keidel writes.  
"Its growth this decade has averaged more than 10 percent a year and is still going strong in the first half of 2008. Because its success in recent decades has not been export-led but driven by domestic demand, its rapid growth can continue well into the 21st century, unfettered by world market limitation."  
Keidel, who has worked as a World Bank economist and US Treasury official, said the rise of China to the world's biggest economy will happen regardless of the method of calculation.

Russia's VimpelCom enters Vietnam mobile phone market

AFP, Hanoi  
Russia's Vimpel Communications will invest 267 million dollars in the Vietnamese mobile telephone joint venture GTEL-Mobile, the company said in a statement.  
VimpelCom will hold a 40 percent stake while Global Telecommunications Corporation, a Vietnamese state-owned enterprise, will hold 51 percent, and one of its Vietnamese subsidiaries will own the remainder, VimpelCom said.  
"With a population of 86 million and a fast growing economy, the Vietnamese market holds great promise for VimpelCom," said the Russian company's chief executive officer, Alexander Izosimov.



The latest Japanese hybrid cars using electricity and hydrogen in a display of technology on clean energy and environment at the G8 Summit media center in Rusutsu, Japan yesterday.

Brazil criticises opposition to opening up G8 to new members

AFP, Brasilia  
Brazil's economy minister, Guido Mantega, on Tuesday criticized opposition to opening up the G8 to economically vibrant nations in the developing world, including his own.  
"This is an inconsistency, an incoherence, from some countries which recognize the economic importance of Brazil but which, at the same time, refuse to accept its entry into the G8," he told the state news agency Agencia Brasil.  
The agency said Mantega was singling out the United States and Italy in his remarks.  
The G8, the group of the world's eight most developed nations, comprises Britain, Canada, Germany, France, Italy, Japan, Russia and the United States. Representatives wrapped up a two-day summit in Japan on Tuesday.  
French President Nicolas Sarkozy has proposed creating a G13 that would be made up of the G8 plus emerging economies Brazil, China, India, Mexico and South Africa.

FINANCE

Bad credit mars Wall St bankers' summer break

AFP, Washington  
July is usually a quieter month for busy Wall Street bankers, spent lounging poolside at the Hamptons or on a Caribbean beach, but a nagging credit crunch has cast a dark cloud over such vacations.  
Major US banks, including Citigroup, Bank of America, JPMorgan Chase and Merrill Lynch, are due to unveil their second quarter earnings in coming weeks, and analysts say some results will not be pretty.  
America's finance houses are weathering one of the worst market downturns in decades as a two-year long housing market slump and a credit squeeze, which erupted last summer, continue to roil balance sheets.  
Some bankers believed at the start of the year that Wall Street would ride out the credit storm by the summer, but such predictions have proved premature.  
Lehman Brothers announced a net loss of 2.8 billion dollars for its fiscal second quarter on June 16, and America's seventh largest savings and loan bank, IndyMac Bancorp, said Monday it was struggling to raise fresh capital while announcing some 3,800 job cuts.  
"It's tough to say exactly when things are going to turn, it really comes down to when the broader economy and the housing markets start to stabilize. When that happens, the operating environment for the banks will start to get a little bit better," said Ryan Lentell, a senior equity analyst at Morningstar Inc.  
Banking analysts at Goldman Sachs expect Citigroup and Merrill Lynch to unveil further quarterly losses this month. Merrill is due to post its earnings on July 17 followed by Citigroup, one of America's biggest financial institutions, a day later.  
Media reports have suggested Merrill may sell its respective stakes in the BlackRock investment firm and Bloomberg, the financial information group, to raise fresh funds to help shore up its balance sheet.  
A Merrill spokesperson declined to comment on the rumors.  
Merrill posted a first quarter loss of almost two billion dollars, but it is still chasing deals. It reached an accord last month to acquire the Chilean brokerage firm Ureta y Bianchi for an undisclosed sum.  
Some firms are riding out the credit squeeze, which has forced banks to tighten lending as they seek to stem losses tied to ailing mortgage investments, relatively well.  
Goldman Sachs reported an 11 percent slide in its latest quarterly earnings on June 17 to 2.1 billion dollars, but its earnings were better-than-expected and were looked on with envy by rivals.  
Analysts say JPMorgan Chase, which took over the ailing investment bank Bear Stearns in March, has also escaped the credit crunch relatively unscathed.  
JPMorgan Chase is due to unveil its results on July 17.  
Aside from mortgage losses, the credit woes have also been fueled by a sharp downturn in corporate mergers and acquisitions, and initial public offerings (IPOs), from which investment banks reap fat fees.

A hefty slide in US stock markets, the leading Dow Jones Industrial Average has tumbled over 14 percent so far this year, has meanwhile dented profits from share trading.  
And analysts say they are now seeing evidence that banks are being pinched by delinquent home equity and car loans, suggesting some consumers are buckling from the economic slowdown.  
The credit storm has been reflected in bank stock prices.  
Citigroup's stock had slumped 40 percent from the start of the year to 17.39 dollars Tuesday while Merrill's stock has tumbled 38 percent to 32.77.  
Top regulators have signaled they are keeping a close eye on the health of America's biggest banks.  
"The financial turmoil is ongoing, and our efforts today are concentrated on helping the financial system return to more normal functioning," Federal Reserve chairman Ben Bernanke told a forum this week.  
Bernanke spoke a day after the central bank and the Securities and Exchange Commission announced they had agreed to deepen ties to better monitor cash-strapped banks.  
The credit squeeze has triggered wider global repercussions and European bankers will also take subdued holidays this summer.  
Two large Swiss banks, UBS and Credit Suisse, have posted billions of dollars in losses tied to soured US mortgage bets, and a British bank, Bradford & Bingley, has seen its shares hammered as it vies to right its stricken finances.



A file photo shows Citigroup office tower in New York. July is traditionally a quieter month for Wall Street banker but a nagging credit crunch promises to mar the vacation season. Major banks and finance houses, including Merrill Lynch, Citigroup, JPMorgan Chase and Bank of America, are due to unveil their second quarter earnings in coming weeks, and analysts say the results will not be pretty.

COLUMN

DURREEN SHAHNAZ

Reaching out to the missing middle

Deshantori, a heart-wrenching documentary which follows a group of young Bangladeshis through a harrowing journey in search of employment opportunities outside the country, has sparked soul searching questions for Bangladeshis wherever it has been shown. For me, the most poignant moment of the documentary was when one of the survivors of the journey sadly relates that nobody would lend him money to start a business, but they lent him money to pay for a dangerous and illegal passage overseas. Why are we unwilling to support our young people? Why is entrepreneurship such a bad word in our culture?  
In our country, the term for an entrepreneur is a 'businessman,' which carries with it a set of negative connotations. The assumption is that one goes into business if one cannot be a banker, doctor, engineer, lawyer, professor or a corporate worker. In movies, businessmen are portrayed as crude, immoral people. In day-to-day life, a businessman is only considered successful if he can achieve conspicuous display of wealth. The toxicity of the business sector has recently been magnified with the recent anti-corruption crack down which has put a high profile portion of the business community behind bars.  
Despite our negative views of 'business', the private sector



A file photo shows a long queue in front of a passport office. While people will still leave the country to fill the need for unskilled labour overseas, the country needs to find ways to retain the skilled and educated youth.

has a crucial role to play in growing the economy and providing employment opportunities. The private sector is the engine of innovation in all sectors of the economy. Entrepreneurship in Bangladesh currently thrives in two sectors of the economy -- among the poorest of the poor (14 million households) and among the well-off (about 2.5 million households). The reason for this is that both of these sectors have access to institutional financing.  
Grameen Bank, BRAC, Proshika, Asa and others have created millions of micro-entrepreneurs among the poor through their microcredit programmes. At the other end of the spectrum, the government has encouraged entrepreneurship for the 'well-off' or 'well connected' by extending financing through institutions such as Bangladesh Shilpa Rin Shangstha, Bangladesh Shilpa Bank and Investment Corporation of Bangladesh. Most of our leading industrial entrepreneurs ('industrialists') are indebted (morally, if not still monetarily) to these financial entities.  
Now, let us look at the missing middle -- the middle class.

anism to extend them credit.  
While people will still leave the country to fill the need for unskilled labor overseas, we need to find ways to keep our skilled and educated youth in the country. As a first step toward this goal, we need to make 'business' into an acceptable word in our culture. The next step is to make provide credit support or subsidize interest rates for loans which meet certain criteria.  
I can think of hundreds of reasons why what I am proposing will not work. (I am sure I will get many emails from readers debunking my ideas.) I can also think of one good reason why it may work we are giving our youth a chance a chance they would not be given otherwise.  
According to management guru Peter Drucker, an entrepreneur is 'one who always searches for change, responds to it, and exploits it as an opportunity'. Can anyone be an entrepreneur? The answer is no. But with access to capital, can many of our intelligent, energetic youth be turned into a decent business people if not passionate entrepreneurs? The answer is yes. It is no news that what the country needs now is more decent business people and fewer passionate critiques.  
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