

International Business News

Fed extends actions to ease global credit squeeze

AFP, Washington

The Federal Reserve took further steps Wednesday to battle a global credit crunch, including an extension of an emergency lending program for investment firms facing a liquidity squeeze.

The Fed said it took the actions "in light of continued fragile circumstances in financial markets."

In addition to the extension of credit to investment banks, the Fed said it would lengthen the terms of another program to help retail banks meet funding needs, and extend reciprocal credit arrangements with the European Central Bank (ECB) and Swiss National Bank to help European banks get dollar funding.

"The programs are designed to combat systemic risks to the financial system related to short-term funding pressures -- pressures that can be significantly exaggerated by contagion and speculative bandwagon effects," said economist Brian Bethune at Global Insight.

Malaysia may cut fuel prices

AFP, Kuala Lumpur

Malaysia may reduce fuel prices in the weeks ahead if global oil prices continue to fall, a senior finance ministry official said Thursday.

The government hiked petrol prices 41 percent in June to ease the burden of spiralling energy subsidies, but crude oil prices have fallen around 20 dollars from record highs above 147 dollars per barrel earlier in July.

The official said "if oil prices remain between 120 dollars a barrel and 125 dollars a barrel for two weeks," then Prime Minister Abdullah Ahmad Badawi could announce a cut in fuel costs in the weeks ahead.

The cabinet "discussed about the fall in oil prices Wednesday. There is a possibility of pump prices coming down in Malaysia," the official told AFP on condition of anonymity.

Abdullah's decision to hike fuel prices sparked angry street protests and triggered calls for the premier to stand down, compounding his woes after disastrous results in March elections.

China to boost tax incentives for some exporters

AFP, Beijing

China will improve tax incentives for exporters of some textile and apparel products, the government said Thursday, moving to support companies struggling amid weakening foreign demand.

The export tax rebate on silk, wool and some other products will be raised to 13 percent from 11 percent from Friday, the State Administration of Taxation said in a statement jointly released with the finance ministry.

The government will also increase the export rebate on some bamboo products to 11 percent, said the statement on the administration's website. It gave no details of what the rate has been so far.

Under the tax rebate system, the government returns a portion of the value-added taxes that enterprises have paid while producing the exported items.



A vendor sits beside her products in a market in Manila yesterday. Philippine President Gloria Arroyo on Monday rejected appeals to scrap an unpopular sales tax because of surging inflation, warning that food and fuel prices would likely remain high.

Gas Natural sets sights on Spain's third-largest power firm

AFP, Madrid

Spain's Gas Natural said Wednesday it had reached an agreement to buy the 45.3 percent stake that builder ACS has in Union Fenosa, the country's third-biggest power firm, in a deal that could create a Spanish national energy champion.

In a regulatory filing, Spain's largest gas supplier said it would pay ACS 18.33 euros per Fenosa share, a deal that values the entire power company at 16.75 billion euros (26.3 billion dollars).

Once it completes the acquisition of the ACS stake in Union Fenosa, Gas Natural said it would launch a takeover bid for the rest of the power firm that it does not own, as required by law, offering 18.33 euros per share.

Mazda operating profit slips on yen, material costs

AFP, Tokyo

Japan's Mazda Motor Corp. said Thursday that its operating profit slipped 12 percent in the quarter through June on a higher yen and rising material prices, despite growing sales in Europe and China.

Japan's fifth-largest automaker, an affiliate of US giant Ford Motor, said that its sales of vehicles worldwide rose by 10.9 percent in the financial first quarter to 358,000.

But its operating profit declined by 12 percent from a year ago to 28.26 billion yen (262 million yen) from a year earlier.

FEEDBACK

Customers hail, realtors denounce new housing law

KAWSAR KHAN

Customers of apartments and plots welcomed the new ordinance for regulating the real estate sector, while developers expressed their grievances saying that the new law would ruin the sector.

The government on Tuesday approved in principle the ordinance titled 'The Real Estate Management Ordinance 2008', which carries a provision for jail sentences or fines for the developers violating agreements with buyers.

The cabinet at a meeting presided over by Chief Adviser Fakhruddin Ahmed approved the draft law to put an end to harassment of clients by a section of crooked realtors.

According to the draft, the developers will be subject to two to three years in jail or a fine from Tk 5 lakh to Tk 10 lakh if they fail to start or finish construction in accordance with agreements with the clients or develop project without government approval.

The new law will make it mandatory for the real estate companies to register with a designated government agency. A fine would apply in case of failure.

Developers will also be fined for failing to inform its clients beforehand about mortgage of any complete or under-construction land, apartment or space. Besides, there will be penalties for not using agreed materials in construction and sus-

Salient features of The Real Estate Management Ordinance 2008

- The draft law carries a provision for jail sentences for maximum of three years and fines upto Tk 10 lakh for any violation.
- The law will make it mandatory for the real estate companies to get government permission before beginning, selling projects or advertising to media.
- Developers will have to provide clients with free services for two years after handover of apartment.
- Developers will be bound to show all kinds of documents of his/her project to customers.
- Utility facilities should be installed to an apartment, flat or space before handing over to the customers.
- All sorts of payment of apartment, flat or space should be done through banks.
- There will be penalty in case of not informing clients beforehand about mortgage of any complete or under-construction land, apartment or space.

pending a project without consulting clients.

Welcoming the law a cheated plot buyer said the new law might be able to reduce the sufferings of the customers.

Narrating his ordeal the customer said, "A real estate company gave his money back after two years of its submission, as the company did not get government's nod to go ahead with its project. Though my money lied with them for two years, they had not given me any sort of interest".

Another apartment buyer said, "Even if the law is very nice but I guess

the government might not be able to implement it since the developers are very influential".

Denouncing the new law and pointing to some clauses of the law, some developers view that if it is implemented, it would destroy the real estate sector, which accounts for around 11 per cent of GDP.

"The draft law has a provision that we will have to face imprisonment even if we fail to give the utility connections to the apartment on time. It is obligation of the government to give utility facility. So why I will have to face legal action for the failure of the gov-

ernment," said Tanvirul Haque Probal, president of Real Estate and Housing Association of Bangladesh (REHAB).

On the provision of the draft law that binds developers to bear the repair cost even after two years of the handover of any apartment, he said myriads of things from different sectors are used in an apartment and it is absolutely impossible for any developer to bear such expenses.

However, the real estate company owners and land developers said there require no new law for booking, selling and buying of apartments and private plots since there are already

many laws to handle these issues.

On the provision of handing over of money within three months by cutting down 10 per cent of the total amount, the sector people said a realtor develops his project with the money of buyers. So in such case it is not possible to pay back money until the booked plot or flat is sold again.

When asked, urban planning experts said it was premature to comment on the issue since they are yet to read the detail clauses of the draft law.

"There should be laws to guild the sector but in the law the government should make it sure that neither the buyers nor the developers get unnecessary penalty," said environmentalist Professor Abdullah Abu Syed.

He proposed to make a provision in the law that will enable all the real estate companies become members of the REHAB to facilitate bringing all developers under the same platform.

"Most of the developers who cheat buyers are not REHAB members, so the law can make it mandatory for developers to become its members and form a committee within the REHAB comprising members from different sectors that will try to resolve any problem of the sector first. If the platform fails to solve the problem the government agencies will interfere into the sector.

Otherwise it would be very difficult for the government to settle the whole things," he opined.

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TOURISM

French family budget blues amid holiday exodus

AFP, Paris

French families, in the midst of the annual holiday ritual, are the gloomiest for 21 years about what their wages will buy, living standards and jobs, official data showed on Tuesday.

The great exodus from the cities to the beaches, mountains and countryside is a high point in French family life and family budgets.

But the latest data from the INSEE statistics institute points to tight purses and worried thoughts about another great event in the French calendar, the "rentrée," or return in time for the new school year in September.

The INSEE adjusted indicator of household confidence fell in July by two points from the June level to minus 48, showing the 13th monthly fall in a row.

At Xerfi consultants, economist Alexander Law said: "The crisis of confidence is now evident."

In July, the impression of households about living standards in France continued to deteriorate, both regarding the recent past and the future.

At Asteres consultants, economist Nicolas Bouzou said the data reflected past increases in prices which weighed on buying power.

One brighter spot was a measure of consumers' perception of future personal finances which edged up slightly in July. Economists said that this probably meant that people had noticed that the rate of price increases in July had eased.

At BNP Paribas, economist Mathieu Kaiser said: "The trend of prices seems to have weighed less on their finances than during the last two months."

"But the (easing trend for) prices of raw materials for energy and food will have to continue for inflation no longer to depress buying power."

In the last two weeks, the price of oil has fallen by about 20 dollars per barrel.

Law said: "Every significant fall in prices is likely to boost buying power immediately, and that would brighten the outlook while giving a



Youth eat ice cream at a partly deserted ice cream booth on the beach in Ouistreham, western France. French consumers turned even gloomier in July when various measures of how they feel about living standards hit the lowest level since 1987.

much-needed stimulus to household consumption."

But economists expect consumption to be sluggish in the second half of the year. Kaiser noted that intentions to make purchases had steadied in July, but at a particularly low level which "does not point to a quick recovery of consumption."

After a rally in May, consumption fell in June.

At Global equities, economist Marc Touati said that concern about prices had led to concern about unemployment.

Concern on that front in July had reached "the highest point since March 2006," he said.

Job cuts, he warned, would affect industry and construction, as evidenced by other data showing a 28.2 percent fall in the number of housing starts from April to June.

Bouzou commented: "This is a problem because it looks as if, even though anticipation of inflation is easing, the worsening outlook for employment will take over in dragging household confidence down."

Bouzou said that the overall French economy would not pick up until consumption rose, and Law said that his forecast for economic growth of 1.7 percent this year would not stand up to "another setback for domestic demand."

At Natixis bank, Jean-Christophe Caffet said: "The French are ever more worried about the darkening world economic situation and the jobs market."

"Even if inflation is calming down, to the detriment of consumption they will be tempted to build up rainy-day savings."

Evidence of summer blues is emerging from other quarters. The retail sales period is coming to an end, and shopkeepers report that buyers have kept a tight hold of their purse strings.

Anecdotal evidence of full camping sites and unfulfilled hotels, sandwich lunches in parks and slow trade in seafood restaurants also suggests that families on holiday are holding back.