International Business News

Australia to work with China to revive world trade talks

AFP, *Sydney*

The Australian and Chinese trade ministers will work together to attempt to revive the global trade talks which collapsed last month, Prime Minister Kevin Rudd said Friday.

The latest Doha round of World Trade Organisation negotiations, which saw emerging powers such as India, China and Brazil take centre stage, fell apart in July in a potentially devastating blow to millions of the world's poor.

Rudd, who is with world leaders in China for the opening of the Beijing Olympics, said the global trade negotiations featured prominently in his talks Friday with Chinese Premier Wen Jiabao.

"Both Australia and China are committed to working closely together in the months ahead, during August and September, to see if our two trade ministers can work on a possible breakthrough on how we deal with the outstanding, unresolved questions of special support measures for agriculture in developing countries," Rudd told reporters, according to a Sky News broadcast.

"So much progress was achieved in Geneva on bringing a successful conclusion to the Doha round -- that is the view of both the governments of China and Australia," he added.

AFP

An Indian vendor waits for customers at a vegetable market in Mumbai on August 8, 2008. Rising food and commodity prices have contributed to a rise in India's annual inflation, which has nearly tripled from a year earlier. Inflation now stands at an over 13-year high of 12.01 percent for the week ended July 26, up from 11.98 percent for the week ended July 19.

China expects stable growth in Q3

AFP, *Beijing*

China's economy is expected to grow at roughly the same rate in the third quarter as in the second, state media said Friday, citing a government think tank.

The State Information Centre predicted the country's economy would expand by 10.2 percent in the three months ending in September, the China Securities Journal reported.

The world's fourth biggest economy grew 10.4 percent in the first half and 10.1 percent in the second quarter, down from the sizzling pace of 11.9 percent recorded for all of 2007, according to official figures.

The lower second quarter growth was accompanied by a fall of nearly 12 percent in the trade surplus amid weakening foreign demand and a stronger yuan.

President Hu Jintao said last week that his government would still seek high growth and had not stopped worrying about inflation.

The twin emphases on growth and inflation control, reiterated by Hu, emerged from a series of high-level meetings by top economic policy makers last month.

GM to export hybrid SUV to Europe, China, Middle East

AFP, *Detroit, Michigan*

General Motors Corp. said Friday it plans to export its newest hybrid, a version of the Cadillac Escalade sport utility vehicle, to Europe, China and the Middle East.

The hybrid powertrain boosts the Escalade's fuel economy by 50 percent in city driving and by 10 percent on the highway, GM officials said.

Production of the new hybrid begins next week at an assembly plant in Texas and the hybrid Escalade is expected to account for 20 percent of GM's sales of the big sport utility vehicle in the future, said David Schiavone, global product manager for the Escalade.

He said the new hybrid Escalade should be in showrooms by September.

Canada job losses hit 55,200 in July

AFP, *Ottawa*

Canada's economy lost 55,200 jobs in July, the highest monthly figure in 17 years, the government said Friday.

Statistics Canada said the overall unemployment rate fell slightly to 6.1 percent, from 6.2 percent, as more people withdrew from the jobs market than lost their jobs.

Most of the July losses, some 48,000 jobs, were in the part time sector, the agency said.

"Employment decreases in July occurred in manufacturing; business, building and other support services; and educational services. The only significant gains were in accommodation and food services," it said.

Statistics Canada also said that overall, employment gains have averaged 10,000 per month in 2008, compared with a monthly average of 30,000 in 2007.

RECESSION

Little light at end of tunnel a year after credit crunch

AFP, *Washington*

A year has passed since the credit crunch first jolted financial markets, but there still appears to be little light at the end of the tunnel despite emergency measures taken by the US authorities.

What started out as a collapse in the US housing market, worsened last year as increasing numbers of subprime, or high-risk, mortgage holders defaulted on their loans, contaminating the wider financial system in a domino-like run that has yet to end.

Some commentators have compared the housing and financial woes to the Great Depression, especially as the US economy has flirted with recession and as hopes of a stock market revival have so far fallen flat.

The turmoil has been particularly acute on Wall Street, where the benchmark Dow Jones Industrial Average has slumped 13 percent since August of last year leaving investors with heavy losses.

"Since last summer the same pattern has occurred at least six times: lousy economic and financial news that lead to an equity market fall; then surprise action by the Fed or the government to stimulate and rescue markets," Nouriel Roubini, an independent economist, said in a briefing note.

He said government action so far has tended to boost markets for a brief period, but that each time the "tsunami" of bad economic news has soon hammered sentiment back down.

Roubini has been bearish about market prospects, but his views have gained currency as the markets have remained stuck in a funk of late.

"Clearly the financial markets and the economy have entered a new danger zone, with increased risk of a major negative event and a hard landing for the economy," said Brian Bethune, chief US financial economist at Global Insight.

The banking industry has been hit particularly hard and worries about a large failure have been stoked anew since the collapse of California-based IndyMac bank last month.

The credit vacuum has become more pronounced in the past year as banks have become more wary about lending cash to each other, gumming up the US and global financial system even more.

The International Monetary Fund -- the guardian of the global financial system -- warned last month of a possible "negative feedback loop between the financial system and the broader economy."

The IMF also underlined that while subprime-related losses appear to have been largely realized, other types of credit are exhibiting strains.

And the stressed housing market is not out of the woods yet.

The rate of US home foreclosures jumped 121 percent in the year to the second quarter while home prices have dived a hefty 15.8 percent in the year to May in 20 large metropolitan areas.

The White House, the Federal Reserve and the Treasury have all sought to soothe the credit angst, but their respective interventions have yet to put a halt to the liquidity crunch.

The administration of President George W. Bush approved an emergency 168-billion-dollar economic stimulus this year to boost the economy. The stimulus was stuffed with one-off tax rebates aimed in part at boosting consumer spending and offsetting spiking gasoline prices.

And the Fed slashed its main interest rate by 3.25 percentage points between September and April to help the economy while extending lending facilities never before offered to banks.

Despite such gambits to keep the system afloat, credit conditions remain fragile and 30-year mortgage rates are near their highest level in a year.

The credit upset has also triggered a debate about the US regulatory system, much of which traces its roots to the 1930s, and appeals for reform.

It is clear that there will be plenty of time for further reflection as economists do not expect to see much light at the end of the tunnel for some time.

"My call earlier this year 'fine in 2009' is looking premature. For now, we can only hope for better times again in 2010," said John Makin, an economist and former Treasury consultant, at the American Enterprise Institute.

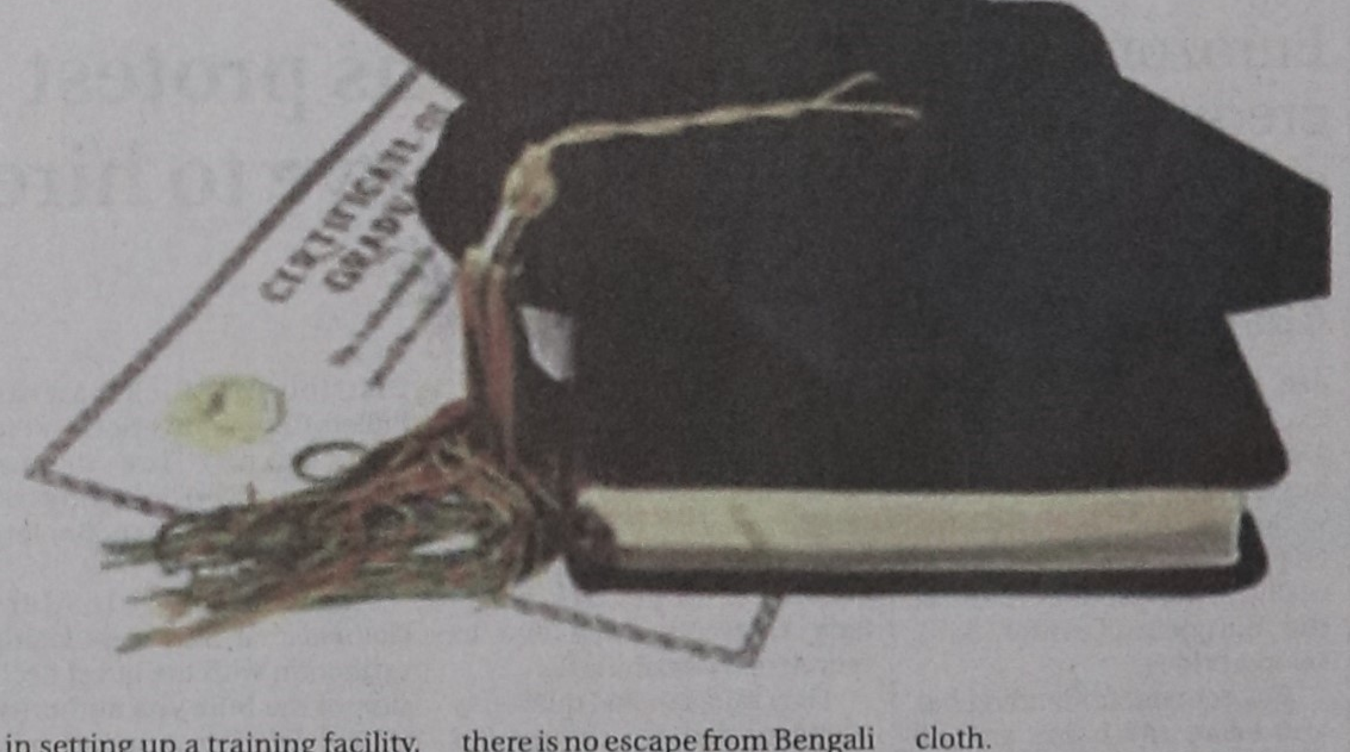
AFP

A view of Fannie Mae headquarters in Washington, DC. Struggling mortgage finance giant Fannie Mae unveiled Friday a steeper-than-expected quarterly loss and announced dramatic measures to weather the worst US housing slump in decades.

COLUMN

SARWAR AHMED

Take home



Akbar Hassan invited us over for a cup of tea on Friday afternoon. It was a small get-together of students of Dr Saad Andaleeb who was our teacher at the Institute of Business Administration (IBA), before he moved to the US where he teaches now.

As I stepped into Akbar's meticulously kept 'Briddhi' office, he introduced his friends. Rozina Aliya, a senior banker, Maajedul Huq, Deputy Inspector General (DIG) Police, Moiz Siddiqi, heading a consumer product company, and Gulam Sarwar with a leasing company. Then Shamim Bhai (remember him from BTV news?) came in, as well as Majedur Rahim, who had just recently quit his well-paid CEO job leaving behind seventeen years of corporate life, in quest of greener pastures. With Salim Akbar's arrival, the room warmed up to his wise jokes. Jawad from Dhaka Chamber of Commerce and Industry (DCCI) joined, as did Ferhat Anwar of IBA.

Akbar, our host, had left money-minting corporate management positions to set up 'Briddhi'. Like a messiah wanting to develop people, he has struggled and succeeded in setting up a training facility, which I believe is one of the rarest, richest and the best. He has poured in his earnings, to invest in equipment and facilities, and to make his training programmes memorable, enjoyable and effective.

As we evoked the past, catching up on who's who and where, Andaleeb Sir walked in. It was a pleasure to meet up with him after all these years. He has put on some weight. You have to eat and eat when you are here, he tells you, and there is no escape from Bengali hospitality. The conversation turned to the time we had in IBA during his days. Salim and I recalled how the two of us would ride a motorbike to Taj Jute Backing Mills on the bank of Sithalakya, adjacent to Kanchpur Bridge. We did that for a week to complete Andaleeb Sir's course assignment. I shudder to think of it given the madness of today's Dhaka traffic! We finally presented him the project report, cover bound with jute backing cloth.

Rozina recalled how Andaleeb Sir would give them take home exams. Take home exams? Yes, he would give them questions in the evening with a deadline of submitting the answers by 8 in the morning, the next day. Answering would be like writing a thesis, literally taking the whole night, and bleary eyed, they would submit their answers the next morning.

You know why I would do that? Andaleeb Sir interjected. I believe IBA takes in the best and I felt you would one day be at the helm of affairs of a business, like a captain of a ship. You needed to learn how to work under pressure, to be disciplined in managing time and meet unearthly deadlines, to learn how to focus. When you are a captain of a ship, you never know when the sea will get rough, and IBA's teachings was precisely for that, to learn how to handle the unexpected, to decide the best course for the business in turbulent times. I gave you assignments of which I did not have answers. I was looking for your creativity, your approach to handling the unknown.

Over ample snacks and tea arranged by Akbar and his team, we talked of how our social skills helped us navigate the academic and not so academic whims of our IBA teachers. Beyond the academic values of learning, we realised that the intense pressure of doing assignments, the unpredictably of daily quizzes, helped mould us into being decisive, and look beyond the chaff for the grains.

Who can forget Dr. Alimullah Miyan's (founder Vice Chancellor of IUBAT, our teacher then) marketing research? Salim and I remembered that we were up for a whole week as we struggled to complete our report on marketing of bank services. The four of us would take turns to sleep for an hour or two, as the others would continue to tabulate results, interpret them and prod the typists to type the hundreds of pages, as the report finally shaped out. As Salim says, we may still owe money to the typists who spent those finger breaking days with us! Those grueling, physically punishing days helped us to build up our determination to meet deadlines and learn to bite what we can chew!

As dusk settled and the evening sky began to turn dark, it was time to say goodbye. Andaleeb Sir echoed his farewell feelings. As we were the fortunate few who have had the best, it was time for us to give back to our country. He asked of us how we could do anything that would benefit our people, our country. He bade goodbye and left us to answer this take-home question, heavily weighing on our conscience.

The writer is the managing director of Syngenta Bangladesh Ltd.