

International Business News

Gulf policymakers mull impact of world financial crisis

AFP, Riyadh

Finance and economy ministers and central bankers from oil-rich Arab states in the Gulf met for emergency talks on Saturday to forge a common front to battle the global economic crisis.

The policymakers of the six-nation Gulf Cooperation Council (GCC) met behind closed doors in Saudi Arabia to examine the impact of the crisis on their economies, Qatari Finance Minister Yussef Hussein Kamal said.

They will discuss "mechanisms of coordination and cooperation between GCC countries aimed at protecting their economies from the fallout of the world financial crisis," GCC Secretary General Abdulrahman al-Attiyah said.

Delegates will also discuss means of "preserving the positive level of growth in these (GCC) countries," he said in a statement, adding that the meeting is also aimed at "bolstering confidence in Gulf (stock) markets."

Stock markets in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates have taken a severe battering this month, losing some 200 billion dollars.

Saturday's gathering in Riyadh came as the Saudi bourse, the largest in the Arab world, opened trading with a sharp drop of more than nine percent to its lowest point in four years.

German finance minister predicts crisis to last until end-2009

AFP, Berlin

The financial crisis will last at least until late 2009 and it will take years for Germany to determine any costs of its rescue plan, its finance minister said in an interview to be published Sunday.

"The risk of collapse is far from over. It would be wrong to lift the alarm," Finance Minister Peer Steinbrueck said, offering a grim assessment of the country's financial health to the Bild am Sonntag weekly.

The 480-billion-euro (610-billion-dollar) rescue package for banks approved last week is to last through next year, "and we will certainly need it for that duration," he predicted.

"We won't know whether the rescue plan will entail real costs until between 2010 and 2013," he added.

German banks have so far been reluctant to ask for state aid under the rescue plan, with one analyst suggesting they are wary of losing autonomy and of being stigmatised by their peers.

Steinbrueck also backed off from the government's previous goal to balance the federal budget by 2011, a repositioning he adopted recently along with German Chancellor Angela Merkel.



An Emirati woman walks away after inspecting an Italian Spada TS Codatronica supercar, worth around 450,000 US dollars, on display at a jewellery exhibition in Abu Dhabi on Friday. The oil-rich seven-member United Arab Emirates continue to announce new mega development projects and host business exhibitions across confederation despite the global economic crisis.

Indian rupee slide to record low an 'aberration'

AFP, New Delhi

India's currency plunged to a record low against the dollar on Friday, breaching the 50-rupee level, but the government called the dive an "aberration."

The partially convertible rupee tumbled to 50.15 against the dollar before firming to close at 49.75 rupees.

"The rupee's slide is an aberration," said Commerce Minister Kamal Nath. "There is nothing to panic about, the rupee will find its level in due course."

The rupee has fallen by more than 20 percent against the dollar since the start of the year.

The Indian currency has been hit by heavy selling of Indian assets by foreign institutional investors seeking safe havens.

They have sold 12 billion dollars' worth of Indian shares this year after buying 16.66 billion dollars in the same period a year earlier.

Car firms slash jobs and production worldwide

AFP, Paris

The global financial storm ravaged the motor industry on Friday, forcing car and truck firms on three continents to announce job losses, production cuts, temporary plant closures and plunging orders.

In the United States, Chrysler LLC announced the loss of 5,000 temporary and administrative jobs by the end of the year in the face of intense pressure on the auto industry from global economic and credit woes.

Company spokesman David Elshoff told AFP the firm would lose 25 percent of "white-collar and supplemental workforce positions", probably from every Chrysler facility around the world.

In France, Renault said it would shutter almost all of its French and some of its foreign factories for a couple of weeks, while PSA Peugeot-Citroen said it would slash production by 10 percent and suspend workers.

IMMIGRATION

American Dream fades

AFP, New York

The immigrants gathered at dawn to chase the American Dream, but as fast as the sun soared over New York, so the dream slid from their grasp.

About 60 men wearing boots, jeans and sweatshirts, most of them illegal immigrants from Latin America, stood silently at the Brooklyn crossroads.

They watched the traffic and when a vehicle drew up rushed to offer their services -- construction, rubble clearing, anything, at 60-100 dollars a day.

But on that mid-week day almost no one drove up, and after two hours only four men had found jobs.

"It's terrible," said Miguel Gonzalez, 48, who two months ago left his four children and wife in Puebla, Mexico to make the dangerous, illegal journey to New York.

"There is almost no work. In the whole week we might find work for one or two days."

New York -- where the Statue of Liberty promises a "golden door" to the "huddled masses" -- is as dependent on immigrants as it is on Wall Street.

More than three million of the city's 8.3 million residents were born abroad -- 51.7 percent of them in Latin America, 26.1 percent in Asia and 17.3 percent in Europe, according to recent census figures.

And when the US finance sector collapsed, shock waves raced from gleaming Manhattan to sprawling neighbourhoods such as Brooklyn, where for many people English is the second language.

A lack of jobs and ever-tightening borders has already slowed illegal immigration nationwide over the last two years, a report from the Pew Hispanic Centre shows.

Now with the crisis threatening low-paid, immigrant-friendly niches of the economy, the environment is becoming even less fertile.

"Construction will turn down. Things around the financial community will turn down -- restaurants, laundries, delicatessens, even things like doing your nails," said demographer Andrew Beveridge, head of the sociology department at Queens College.

"Finding jobs is rough. Not many people are hiring, not in the restaurant business, not in the meat, fish, grocery places, the mom-and-pop



Two men hold a large American flag in place. A lack of jobs and ever-tightening borders has already slowed illegal immigration nationwide over the last two years.

Nancy Foner, a sociologist at Hunter College in New York, said the nationwide credit crunch would especially hurt immigrant families trying to finance their first house.

"They are vulnerable because they often make do by pooling incomes in their families. If one loses a job, it may be very hard for them to meet mortgage payments," she said.

In Queens, a neighbourhood heavily populated by Greek and Italian immigrants, butcher shop owner Tom Georgeou, 47, said he felt sorry for anyone arriving in such troubled times.

"You should stay in your own country. There you can enjoy life day by day. Here you work your behind off for some future. But that's what I did and look what the future turned out to be."

Cervegnano, who leaned on a walking stick but radiated energy, chuckled as she recalled her "naive"

stores," said Georgeou, who emigrated from Greece in 1969. "These are really tough days."

Queens resident Gigi Cervegnano, 61, who came to New York as a child from Italy, also warned today's would-be-immigrants to think twice.

She has just lost her job after 25 years at a marketing company and the Wall Street stock crash wiped 50,000 dollars off the value of her pension plan.

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Cervegnano, who leaned on a walking stick but radiated energy, chuckled as she recalled her "naive"

father believing that "in America the money grows on trees".

Yet the dream survives.

At the Brooklyn crossroads there were men who'd risked everything to reach this promised land, where they can earn wages 10 times higher than in their impoverished home countries.

There was still hope, but there was more disappointment.

When a black van slowed by the curb of Coney Island Avenue a dozen men mobbed the open window shouting "Boss!" and "Amigo!" Then they slumped away: the driver was just parking, not hiring.

Salvador for 12 years.

"It's been OK, more or less making do. But it's gone down a lot now. There's less and less work," said Enrique, his face tanned and hardened.

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Clarification

Friday's feature headlined "Women Stand Guard" mentioned Mahmudur Rahman as a director of Integrated Security Services (ISS). ISS says Rahman is no longer with the company.

FINANCIAL CRISIS

Crunch hits British lust for property

AFP, Bordeaux, France

The yearning of middle-class Britons to retire to a French farmhouse with a glass of wine is under threat as the financial crisis casts a shadow over dreams of a lifestyle makeover.

"It started around Christmas last year with the rise in value of the euro against sterling," said Richard Dannreuther of Euro Immobilier estate agents in the south west town of Chalais.

"People were suddenly paying up to 40,000 euros (55,000 dollars) more for a house as the euro rate went from about 1.42 to 1.30 against sterling. And now the mid market, for houses between 200,000 and 500,000 euros, has almost totally dried up compared to this time last year," Dannreuther said.

For a small agency like Dannreuther's, the fact that he and his wife now have 300 homes on their books, compared to about 180 last year, is evidence that the situation is not ideal.

"We can only hope for a turnaround and that more money comes into the loans market," he said.

The Charente region, where Dannreuther is located, Aquitaine, Provence and Brittany are all popular with Britons, but the Dordogne is one of the most favoured.

The number of permanent British residents in the Dordogne is estimated at 20,000-25,000, and until last year, 30 percent of the property market was estimated to be of British origin.

This year the market has tanked and several estate agencies have gone out of business. Others are laying off employees.

"It's a bit tense," said British-born Charles Gillooley, president of the Dordogne office of the National

Federation of Estate Agents (FNAIM).

Starting with the drop in value of sterling, followed by the crisis caused by the subprime mortgage disaster in the United States, Gillooley estimates British sales have fallen by half.

"They can't sell (their homes in Britain) anymore, that's the problem," said Jerome de Chabaneix, director of three Dordogne agencies -- in Eymet where 80 percent of clients are British, Lalinde (50 percent) and Beaumont.

This year, he said, turnover has fallen by 40 percent and he has laid off four of his nine employees.

"Their market is blocked, so they are not investing," agreed Wilfrid Paul, director of Square habitat-immobilier 24, an estate agency in Bergerac, in the Aquitaine region near Chalais.

Paul said his British market has dried up over the past year.

The gloom spreads up to Brittany in western France.

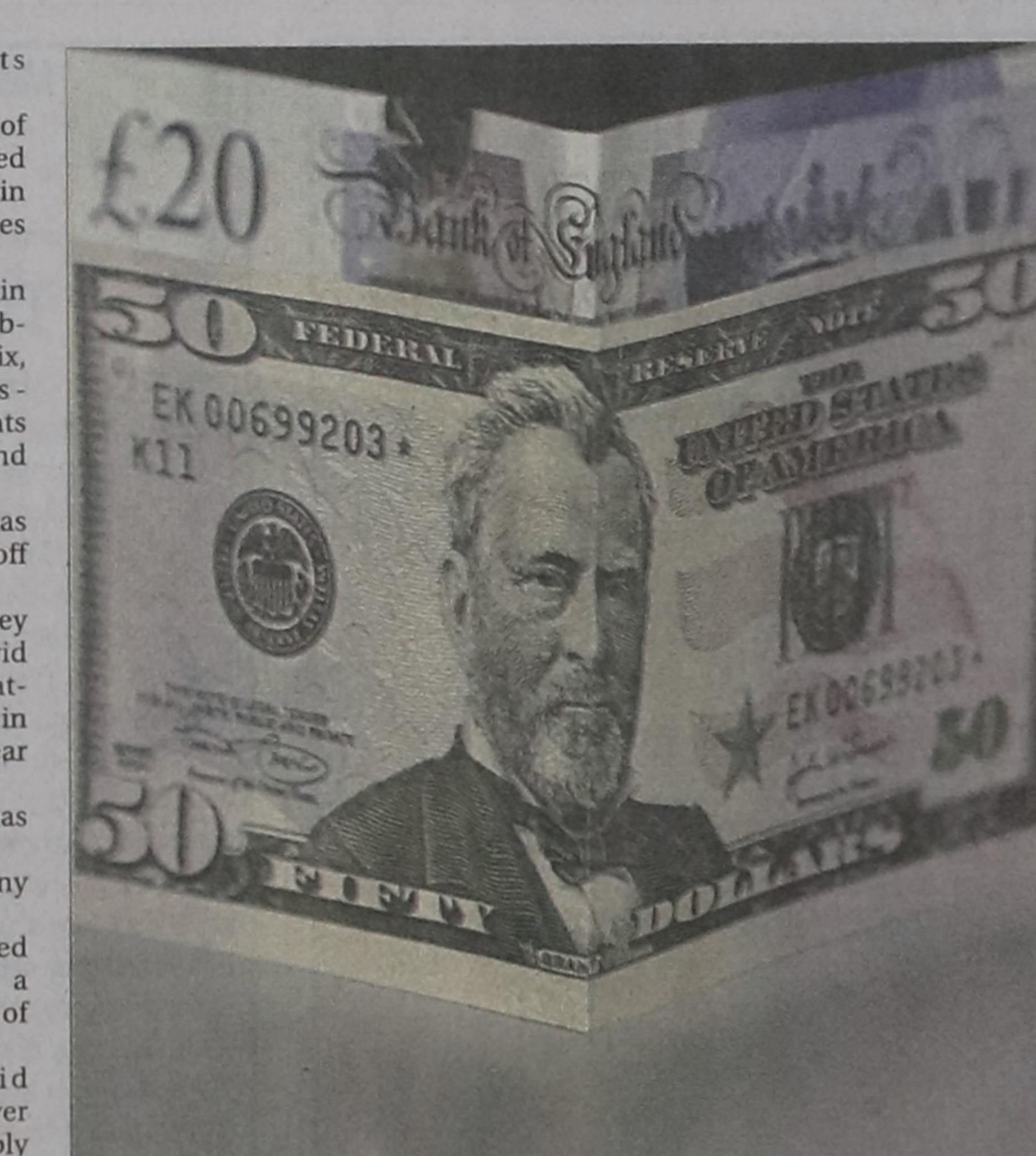
"Things have definitely slowed down," said Denise Duncanson, a Scottish estate agent in the village of Guemene sur Scorff.

Only four years ago, said Duncanson, people who had never been to France would arrive simply after seeing a programme on TV, in the aim of selling everything and opting for a French lifestyle.

But today people are more cautious.

"Before, people would come out and sign an agreement to buy a house before they had sold back in the UK. We certainly don't advise them to do that now," he said.

Duncanson is at least surviving, which is not the case for Dan Newton, whose company in the Brittany town of Locmene ceased trading in September.



A 50 US dollar note and a 20 British pound note are pictured. The pound sank to 1.5269 dollars on Friday, which was the lowest point since August 2002, after official data showed the country's economy contracted by 0.5 percent in the third quarter.

"Before," said Newton, who moved to France two decades ago, "about 60 percent of our turnover came from UK clients wanting to move here."

"Before we closed that had fallen to just five percent, people couldn't

find a job," said Alexandra Thevenet, who runs the Franco British Chamber of Commerce in Perigueux.

A decade ago they were retired professionals who sold a London apartment used the proceeds to buy a stone chateau surrounded by land.

"Their budgets were 500,000-800,000 euros, now it's 250,000 euros," said Chabaneix.

One ray of light, thanks to the recent bank meltdown, said Dannreuther, has been a spate of calls and emails from people looking for a safe place to put cash.

"Suddenly there are people wanting to get their money out of the bank and into property and they are looking to buy something for 125,000 euros," he said.

"That's brand new. They just want to buy and let it sit there for the moment."

Other agents agree. In general they say demand is holding steady at both the lower (100,000-125,000 euros) and upper (over 500,000) ends of the market.

Another thing they all agree on is the market coming back -- eventually.

"It's cyclical," said Gillooley philosophically, recalling the last holiday home crash in 1991 sparked by the Gulf War. "Back then we lost about 30 percent of business between 1991-95."

There are many similarities between 1991 and the current crisis, Gillooley added, though today's seems "less brutal".

"We saw this one coming. In 1991 it was everything fine in August and then September, not fine," he said.

"This one won't get better overnight," he added. "But if bank refinancing works out and confidence -- which is as important as the reality -- comes back, we could see an upturn by spring 2009."