

**International Business News**

**Airlines opting to lease aircraft amid financial crisis**

AFP, Singapore

Tightening credit due to the global financial crisis has led some airlines to lease planes instead of buying them, a Singapore-based leasing firm said Wednesday.

BOC Aviation said that since June, it has placed 19 new aircraft on long-term leases with five airlines around the world, including Air Berlin, Aeroflot, CSA Czech Airlines and Etihad Airways.

All the planes are from the efficient Airbus A320 family, it said in a statement.

"Our recent lease placements are an affirmation that there is continuing demand for new and fuel-efficient narrowbody aircraft," said BOC Aviation managing director and chief executive Robert Martin.

"The current challenging financial and market environment have made it much more capital efficient for airlines to lease aircraft."

BOC Aviation, which is wholly owned by the Bank of China and is one of the country's largest lenders, has 80 aircraft flying with airlines worldwide and its planes have an average age of four years.

On Tuesday European aircraft maker Airbus said it had secured an order to make 20 more A320s for BOC Aviation.

**Japan economy in lull but further rate cuts risky: BoJ chief**

AFP, Tokyo

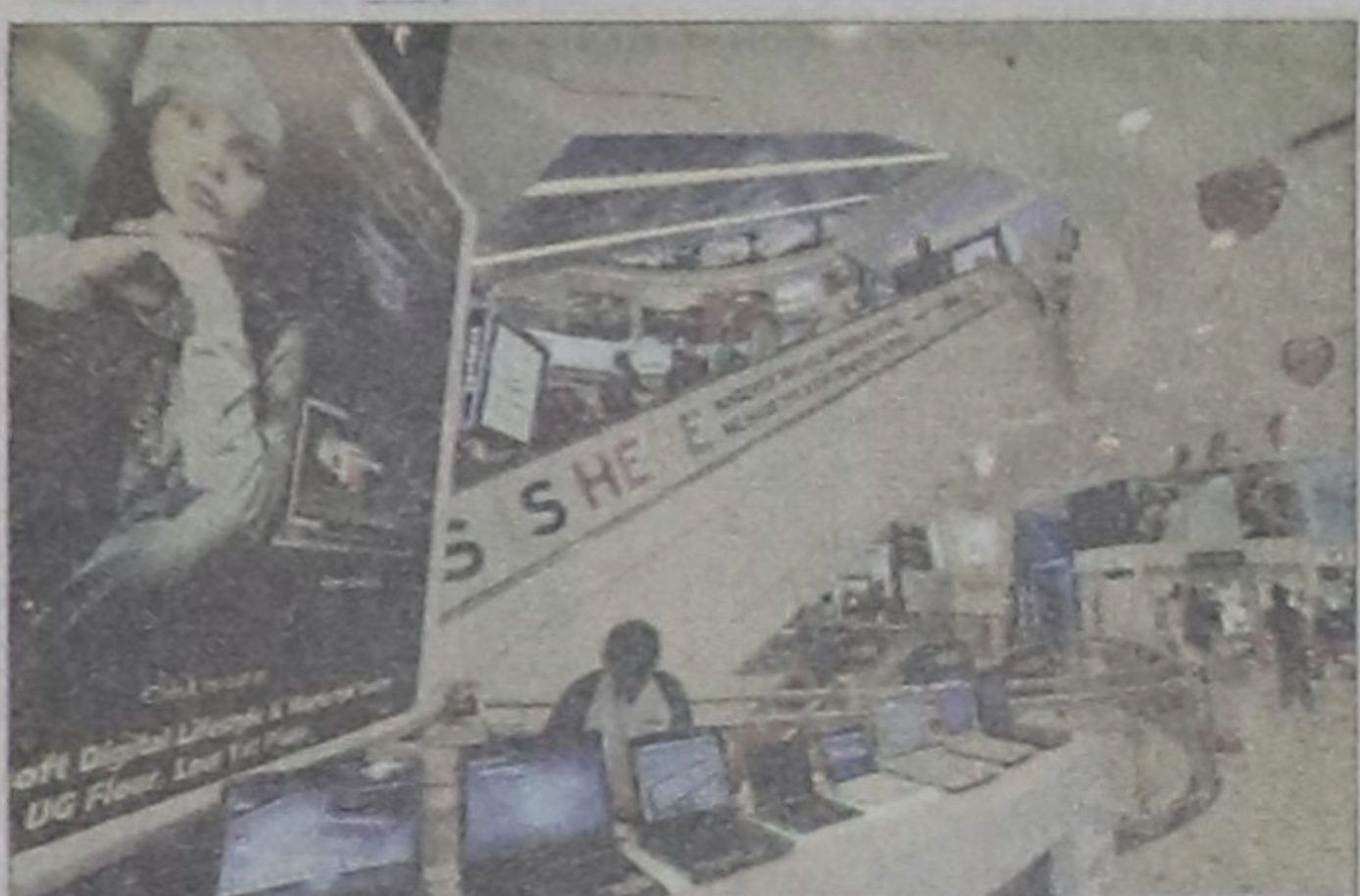
Japan's top central banker said Wednesday that Asia's largest economy would remain sluggish until well into next year, but warned against excessive interest rate cuts that could do more harm than good.

"It is expected that increased sluggishness in economic activity in Japan will remain over the next several quarters and that it will take some time for the necessary conditions for Japan's economic recovery to be satisfied," Bank of Japan governor Masaaki Shirakawa said in a speech.

Japanese economic growth, adjusted for inflation, was likely to be about zero in the current fiscal year to March and 0.5 percent next year, he said.

The Bank of Japan last week joined other world central banks in fighting the global financial crisis with cheaper credit, lowering its key lending rate to 0.3 percent from 0.5 percent previously.

The board was split over the decision, with three members in favour of a larger 25-basis-point cut. Shirakawa, who made the final decision, argued that cutting too much could interfere with the functioning of the money market.



A salesman waits for customers at a laptop stall at a shopping mall in Kuala Lumpur yesterday. The government cut its 2009 growth forecast from 5.4 percent to 3.5 percent, warning that Malaysia would not be immune from the effects of the global financial crisis.

**German savings banks could be next to suffer from crisis**

AFP, Frankfurt

Several German savings banks which were considered safe from international financial turmoil could suffer from business done with state-owned regional bank WestLB, a press report said on Wednesday.

Between 2003-2006, Duesseldorf-based WestLB sold high risk securities to several savings banks in the northwestern state of North Rhine-Westphalia that now face "high asset devaluations" according to the business daily Financial Times Deutschland.

The securities are so-called CDOs, or collateralised debt obligations, which are basically a portfolio of fixed-income assets that were sliced up and sold to investors.

CDOs were the category of investments most affected when the US market for high-risk, or subprime, mortgages collapsed in mid 2007.

Several savings banks have filed complaints against WestLB, charging they were poorly advised by the bank which they say sought to pass on the risky investments to others, the newspaper said.

**ECB economist sees long, 'dramatic' economic pain**

AFP, Frankfurt

European Central Bank (ECB) chief economist Juergen Stark warned on Wednesday of "dramatic consequences" from the international financial crisis, in comments to the Financial Times Deutschland.

"We cannot compare the current situation with past recessions, it is more serious this time," Stark said.

"Banking sector problems have dramatic consequences that we will have to confront for years," he added.

"On top of that are problems in key industries, such as automobile manufacturing," the economist said after several European car makers issued profit warnings and said they would suspend production.

"We will have very weak growth for most of 2009," Stark forecast.

The ECB governing council is to meet on Thursday, with analysts expecting it to cut its main lending rate by a half percentage point from the current level of 3.75 percent.

**INTERVIEW**

**Deepening ties with UK**

**Chairman of Bangladesh British Chamber of Commerce speaks to The Daily Star**

REFAYET ULLAH MIRDHA

Local entrepreneurs can hardly exploit the opportunities of the historic relationship between England and Bangladesh despite having a lot of potential for enhancing bilateral trade and commerce.

Every year, thousands of people make reciprocal trips in and out of both countries. But the economic relationship remained at bay in the laxity of guidance and initiatives. Still the country has a better chance for improving for exploiting the bilateral economic relations to extract the maximum benefits.

Those who were brought up in England with Bangladeshi identity are showing interest to come to their parents' or grandfather's motherland to invest as the country has been maintaining good economic growth over the last few years.

The young generation has already invested a lot of money in real estate, hotels and airline businesses in Bangladesh.

The Bangladeshi-born British citizens and young generation now want to invest in ICT, telecom, hospitality and tourism businesses, said Chairman of Bangladesh British Chamber of Commerce (BBCC) Shahagir Bakht Faruk.

Shahagir, who attended the celebration of the golden jubilee of Dhaka Chamber of



Shahagir Bakht Faruk

Commerce and Industry, spoke to The Daily Star in his hotel suite where he outlined prospects and problems in enhancing bilateral trade and commerce and industries between the two countries.

Shahagir, born in Sylhet, went to London 35 years ago in

search of higher education in physics, but did not return after the completion of his study as he rather tried to exploit the business opportunities between the two countries.

Now, he is the owner of some enterprises and looks

forward to investing in Bangladesh in the government's proposed special economic zones (SEZs) in Sylhet.

In this connection, a 47-member business delegation is coming to Bangladesh from England on November 9 to conduct a feasibility study to invest in the SEZs.

The members of the delegation, most of them non-resident Bangladeshis (NRBs), will go to Sylhet to see how to invest in the government's proposed Sylhet Special Economic Zone. They will also visit Chittagong to see the business opportunities, Shahagir said.

The visiting team will hold several seminars and conferences to disseminate information related to business opportunities among the entrepreneurs and real investors.

They are also scheduled to meet with Chief Adviser Fakhruddin Ahmed and high-ups of the government to address their problems in investment in Bangladesh being NRBs.

During the conversation he said the BBCC has already opened four chapters including in France, Greece, The Netherlands and Italy to bring all the NRBs living in Europe under one roof in 2006. The BBCC emerged to promote, protect and strengthen bilateral businesses in 1991.

"We have a plan to open

BBCC chapters in all 27 member countries of EU nations," Shahagir said.

About the exports from Bangladesh to England he said at present jute, jute goods, pharmaceuticals, ceramic (Bone China) frozen fish, bicycles, ready-made garment (RMG) products are some of the major products exported to Britain, he was saying.

The European people have already nicknamed Bangladesh as the "Tailor of the World" for the country's finest RMG products. "We should uphold such a very prestigious name for the sack of industrial survival of the country. Bangladesh is the in the fourth position in garment export in EU," he said.

China is in the first position, second is Turkey and India is in third position. Bangladesh earns more than \$5 billion from garment export in EU, industry insiders said.

Shahagir, a holder of the prestigious title "Freeman of the City of London" said the image of Bangladesh outside of the country should be upheld for attracting more and more investment both from NRBs and foreign direct investment (FDI).

"Toady in Britain we became able to make them understand that Bangladesh is no more a land of flood, cyclone and famine, now the country exports more than \$15

billion in a year and serving the human beings of the world through thousands of ways," a proud Shahagir said.

Even a few years ago, the Bangladeshi owners of restaurants in England used the Indian names for attracting more and more customers to their restaurants, as the customers were reluctant to come to Bangladeshi ones.

"Now more than 12,000 restaurants in England owned by Bangladeshis are running almost every corner of England in Bangladeshi names as people come to such restaurants to have delicious Bengali specialties," he said.

"Despite having problems here, many other expatriates are being encouraged to invest in their roots. If we create some examples of successful ventures, then other NRBs will of course come to their ancestral home with big investments," he said.

He said around more than 600,000 NRBs from Bangladesh are living in England.

The government should come forward to remove all barriers in the way attracting more investment from NRBs living in the UK.

He said the government's one-stop service should work in real sense for attracting the FDI in the country.

reefat@thedailystar.net

**COLUMN**

**IFTY ISLAM**

**Obama: Challenges and consequences**

So history has been made. While the date "9/11" when the Twin Towers were toppled has loomed large in both the American psyche and the Bush Legacy, "4/11/08" is in many ways an equally seminal event. The landslide election of Barack Obama to be America's first African-American President is the reassertion of the United States position as the Land of Opportunity and caps the Civil Rights Struggles from the abolition of slavery to the segregation battles of the 50s and 60s led by Reverend Martin Luther King. It is also likely to mark the beginnings of a rehabilitation of America's image and role that had been so badly damaged by President Bush's disastrous war in Iraq. As Tristram Hut, a British historian, put it Mr. Obama "brings the narrative that everyone wants to return to -- that America is the land of extraordinary opportunity and possibility, where miracles happen."

But amid the euphoria manifested by joyous celebrations in many streets in America all the way to stock-market rallies around the globe, President-elect Obama perhaps faces the most challenging set of problems that any person elected to the highest office in the United States and undoubtedly the world has ever faced. This was a fact he himself acknowledged in his victory speech where he stated that: "Even as we celebrate tonight, we know the challenges that tomorrow will bring are the greatest of our lifetime -- two wars, a planet in peril, the worst financial crisis in a century... There is new energy to harness and new jobs to be created; new schools to build and threats to meet and alliances to repair."

The rally in equity markets is unlikely to be sustained until we see some light at the end of the tunnel for the financial meltdown that has tipped the global economy into recession. It is worth noting the most recent analysis of the global outlook from JPMorgan Chase, once among the most bullish of analysts, expects shrinkage this quarter at an annualised rate of 4 per cent in the US, 3 per cent in the UK and 2 per cent in the eurozone. It is forecasting 0.4 per cent global growth in 2009, with

advanced countries shrinking 0.5 per cent and emerging ones growing 4.2 per cent. As Martin Wolf, the Chief Economics Commentator of the Financial Times notes: "Given the near-disintegration of the western world's banking system, the flight to safe assets, the tightening of credit to the real economy, collapsing equity prices, turmoil on currency markets, continued steep declines in house prices, rapid withdrawal of funds from hedge funds and ongoing collapse of the so-called "shadow banking system", these forecasts even look quite optimistic. The outcome next year could be far worse."

So how might President Obama turn the US economy around? About three weeks ago, as the crises deepened and financial markets reeled, Obama increased the proposed cost of his "middle-class rescue plan" to \$175 billion from \$115 billion. Rising Democratic power in Washington is likely to usher in a drive for tighter financial regulation, increased social spending and more labor-friendly policies amid a more challenging climate for business. As the government looks for money to pay for the financial rescue and goals such as a health-care overhaul, the cash-rich oil industry could be an easy target.

It might be argued that bolstering battered US confidence might be a larger potential contribution from President Obama. As the WSJ has noted, taking the helm during the Great Depression, Roosevelt's first step was to shore up the confidence of the public. The 32nd president staved off a run on banks and put in place dozens of programs to stimulate the economy, create jobs, regulate the financial system, rebuild infrastructure and create a social safety net. With Obama's skill at oratory and the unflappable air he projected during the bailout vote, he could likewise send a reassuring message.

Obama must set priorities and select a few manageable goals he can accomplish quickly. A president's mandate is usually strongest at the beginning, giving him the best chance to pass his agenda and administer bitter medicine. The strong gains by the Democrats in



Marcel Offermann, a puppet manufacturer, poses for a photo with the new puppet of Barack Obama in the western German city of Neuss yesterday. Barack Obama wrote a new chapter into US history becoming the first African-American elected president, capping a stunning rise which in just four years propelled him into the Oval Office.

both the House of Representatives and the Senate re-enforces his mandate.

President-elect Barack Obama is committed to a foreign policy of intense diplomatic engagement with allies and adversaries alike and an international approach to curb nuclear proliferation and terrorism. Some have expressed hope that Barack Obama will see America's place more firmly within the community of nations, engaging in what Jai Ram Ramesh, Indian State Minister for Commerce, called "genuine multilateralism and not in muscular unilateralism."

He will move to implement pledges to accelerate the US troop withdrawal from Iraq, build up American forces in Afghanistan and ask allies to play a bigger role in the fight against a resurgent Taliban, advisers say.

The Iranian regime, as well as al-Qaeda leaders, may view Obama's emphasis on engagement and negotiation as a sign of faltering US resolve. So we should expect not only tough rhetoric but also action early on in an Obama Presidency. The commitment to expand the US army and the presence in Afghanistan will see little opposition. But Pakistan will remain the most volatile and challenging of America's foreign policy flashpoints.

Obama views climate change as an "epochal, man-made threat to the planet" (Foreign Affairs) and vows to lead an international coalition to reduce greenhouse gas emissions. Obama has said he will try to ensure "that our nation's environmental laws and policies balance America's need for a healthy, sustainable environment with economic growth."

So what will President Obama

mean for this country? With his renewed fight against terrorism, Bangladesh can be an example of a moderate Muslim state that has committed major resources to UN peace-keeping around the world. We should also leverage our vulnerability as one of the most Climate Change vulnerable country's to see the US make the kind of commitment to helping Bangladesh that the UK's DFID did with their GBP 75mn contribution. But his biggest single contribution is in the broader context of ensuring that the poorest in the world are not the innocent casualties of American financial excess. Bangladesh should join the rest of the world in loudly cheering the new era of President Barack Obama.

Ifty Islam is the managing partner of Asian Tiger Capital Partners and welcomes feedback at ifty.islam@at-capital.com.