

International Business News

Japan unveils plan to lend \$100b to IMF

AFP, Washington  
Japan on Friday announced a plan to lend up to 100 billion dollars to the International Monetary Fund to help provide financial lifelines to crisis-hit emerging countries, officials said.

Japanese Prime Minister Taro Aso made the proposal in line with his earlier plans at a financial crisis summit of world leaders which began in Washington late Friday after unveiling the plan earlier in the day in Tokyo.

Aso also proposed doubling funds to the IMF and supported ideas to give emerging economies greater influence in the running of the institution to reflect the rapidly changing global economic landscape.

"In order to deal with the financial crisis, we need to make the role of the IMF fit to a new era," Aso said at dinner with his G20 summit partners, according to the Japanese government.

"In particular, it is necessary (for the IMF) to strengthen its early warning system and provide support for new emerging economies as well as small and mid-sized countries," Aso said.

"To achieve the goal, I would like to propose doubling funds from the current 320 billion dollars to 640 billion dollars," he said.

Pakistan to get at least \$7.6b from IMF

AFP, Karachi  
Cash-strapped Pakistan will receive a rescue package worth at least 7.6 billion dollars from the International Monetary Fund (IMF), a senior government official announced Saturday.

Shaukat Tarin, top finance advisor to Pakistan's premier, said the package would stave off the country's balance of payments crisis.

"We have reached on an agreement with the IMF with the help of our friends and other officials," Tarin told a news conference, adding that Pakistan would receive four billion dollars this year as part of the 23-month IMF deal.

"The interest rate on the IMF programme will be 3.51 to 4.51 percent," he said, adding Pakistan will begin repaying the loan in 2011.

Pakistan needs up to 4.5 billion dollars (3.5 billion euros) to deal with a balance of payments crisis that has raised the prospect of the violence-hit nation defaulting on its foreign debts.

The government has previously said that any application to the IMF would be a last resort because the Fund would only give credit under strict conditions, such as elimination of subsidies.



People shop inside Macy's next to holiday decorations in New York City on Friday. The Commerce Department reported that retail sales fell by a record 2.8 percent last month in another worrisome sign for the economy ahead of the holiday shopping season.

Officials to mull public loan guarantees for Opel

AFP, Berlin  
Officials from the federal German government and a number of regions are to meet on Tuesday to mull public loan guarantees sought by carmaker Opel, a unit of troubled US giant General Motors.

According to the weekly magazine Focus to be published Monday, Opel needs two billion euros (2.5 billion dollars) which General Motors cannot provide.

It said the federal government would be prepared to guarantee one billion euros and the states of Hesse, North Rhine-Westphalia, Rhineland-Palatinate and Thuringia, where Opel has plants, would cover the second billion.

Finance Minister Peter Steinbrueck, speaking from the G20 summit in Washington, confirmed the talks to German media late Friday.

"It is true that we are taking care of this matter," he said, while refusing further comment and deploring published leaks on the rescue package.

HBOS chairman warns of nationalisation risk

AFP, London  
The chairman of beleaguered British bank HBOS warned Friday that it might have to be nationalised if shareholders reject a takeover by its rival Lloyds TSB.

Dennis Stevenson said the bank could be left needing to raise at least 12 billion pounds (14 billion euros, 17.7 billion dollars) if investors throw out the deal at a meeting on December 12.

In a letter to shareholders, Stevenson said that if HBOS decided to go it alone, there was "no certainty" over sources of funding.

The bank could be forced to raise more costly funds from the Treasury, potentially resulting in "the loss of independent or private sector status for HBOS", Stevenson said.

Lloyds TSB agreed in September to buy HBOS in a deal worth 9.8 billion pounds after the target bank was left facing collapse due to massive exposure to the US subprime mortgage crisis.

ANALYSIS

Asia key to solving global crisis

ANN/THE STRAITS TIMES

Asia has a vital role to play in helping lift the world out of the global slowdown, according to a panel of esteemed economists from around the world.

The 27-member group - led by renowned US economist Jeffrey Sachs and including Nanyang Technological University dons Tan Khee Giap and Chen Kang - said coordinated action could provide a shot in the arm for the global economy.

'Macroeconomic expansion in Asia will not only help to sustain Asia's own economic growth and employment levels, but will also help to put a floor on the coming global slowdown,' they wrote in a two-page statement.

The group, known as the Asian Economic Panel, said major regional economies should have a coordinated policy framework in place by this weekend's meeting of the Group of 20 economies in Washington, where the United States and Europe are expected to offer different proposals for sweeping reforms of the global financial system.

With the US and parts of Europe, including Britain, Germany and Spain, already in a recession that is likely to be 'severe and prolonged', the economists say 'urgent and coordinated action' is needed in areas of monetary and fiscal policy and exchange rates.

They believe this would lead to higher growth in Asia and enable consumers in the region to buy US-made goods and so help cushion a recession in the US and Europe. China, Japan and South Korea are seen as the leaders of this initiative, which involves seven steps that should be taken to protect economic growth.



Protesters stage a rally march towards the US embassy in Manila yesterday to condemn the holding of the G-20 leaders' summit in Washington. The protesters are opposed to attempts to revive the capitalist system that has been affected by the world financial crisis.

A committee of senior finance ministry and central bank officials from the three countries could coordinate the programme.

The steps include China, Japan and South Korea announcing that they will work closely among themselves and with other regional countries to 'ensure that Asian growth remains robust'.

Another is for the three major Asian central banks to provide large credit swap lines between themselves to expand

the current swap lines the US has already extended to South Korea to supplement its shrinking foreign exchange reserves.

The International Monetary Fund should also be removed from any kind of involvement in the operations of these swap lines, as with limited resources at their disposal, they are likely to impose tough conditions on countries that make use of them.

The three countries should also announce joint fiscal

expansion but with measures appropriate to their individual situations. For example, China could use public funds to build urban infrastructure and public housing or give tax cuts, while Japan could buy equities to impose a bottom on the share market.

They should also use monetary tools, like jointly slashing interest rates and stabilising currencies against a basket of the US dollar and euro to avoid their excessive moves from hurting other economies.

A coordinated response from Asia 'will achieve much larger and much more durable results than they would achieve through unilateral actions', said the panel.

The Washington summit, which began Saturday, was called after talks between US President George W. Bush and French President Nicolas Sarkozy.

How exactly it will lay the foundation for a reform of the global financial system is still unclear. Bush has defended

free-market principles despite Europe's call for tighter regulation. Asia will be represented at the summit by China, Japan, South Korea, India and Indonesia.

The Asian Economic Panel was founded in 2001 as a part of Columbia University's Earth-Institute and think-tank Brookings Institution and brings together prominent economists from around the world who also write for the journal Asian Economic Papers.

COLUMN

SARWAR AHMED

Old age

It was not the usual invitation for a lunch or dinner business meeting. Citibank NA was to celebrate its Global Community Day. It was a lovely cool November Saturday as we drove to Kuribari, Monipur, Gazipur, a good hour and a half drive from Dhaka. As we passed through the gates of Boyoshka O Shishu Punarbanshan Kendra, smartly dressed guards showed the way to a serene setting, an autumnal green-yellow grassy field surrounded with jackfruit trees. Towards the west was the housing for women. In the north, a separate wing exists for the men folk, including a hospital.

Citi employees had come to celebrate their Community Day with the 250 plus senior citizens residing at the Kendra. The employees went over to the housing areas and helped the hesitant residents come to the celebration marquee, set up in the south of the sprawling greenery. The day promised to be unusual for the senior residents, who were used to the quiet solitude of nature. The touch and feel of the old would melt any hardened heart as you could see the employees hold and help the old walk to the marquee.

Emotions welled up as the senior citizens were brought together to enjoy the day with food, shows and songs. As the cool breeze caressed you, you wonder about these people, residing here, waiting for their ultimate and final call of death. It is indeed a selfless act of compassion of Mukul Sir of the Givenchy Group, a security guard tells us, who had set up this Kendra, or the centre. The foundation stone tells you that



A Citi employee helps a senior citizen to the celebration marquee.

it was Mother Teresa who inaugurated the Centre on April 21, 1995.

Why here for the Community Day? I asked Mamun Rashid, Citibank NA Bangladesh's CEO. This is a clear expression to my colleagues that we should not forget our values of compassion and respect for the old, whether they are our family,

neighbours or strangers. With the frenetic pace of life, we do not pause to reflect on the importance of values that bind us. This one-day of caring and sharing with the old should kindle these dormant values in us, Mamun Bhai mused.

Is it only the old that we have forgot, I wondered. What is it that keeps us shy of talking to our neighbours? Are we

that busy? Or is it a fear of hurt, interference or being taken advantage of? I remember those carefree days when a neighbour would come knocking, asking for that odd egg, or green chilli, or a cup of sugar from mother, that she needed for cooking breakfast. This would lead to a morning chat and of course the egg or the sugar would be returned

in the evening. Does that happen now? Not in the apartment complexes that dot Dhaka's landscape. No, not even when you have a death in the family your neighbours will come to console you as you mourn. We are losing out on our values.

The visit to the Kendra was emotionally unsettling. I am grateful to Mamun Bhai for the

invitation and the privilege of sharing some moments of affection. As I walked over to the women residence, there were two sitting on a bench, outside the door of their room, each room housing twelve residents. As I asked how they were, one of them, a frail old lady took my hand and gently pulled me down to sit next to her. Just as much as I was startled, I could not help but feel the fathomless depth of love of an adoring mother wanting to spend time with a son.

Baba, where do you live? She asked. As I explained that I had come from Dhaka, her neighbour told me that I needed to speak up because she was nearly deaf. It was not just where I lived she was interested in. She wanted to know if I had come to take her back home. Too old to understand why she has to live away from her familiar surroundings, she was someone's mother, someone who had left her to the care of the caring people at the Kendra. She yearned to be back home where she had brought up her children with the unquestioned love of a gentle mother. The supervisor walked over and patted her hand, "Why do you want to go, mother? We are here to take care of you."

Do not whittle away time, away from your loved ones. In this fast moving world where jobs take us away from home and family, find ways to keep in touch. Old age will overtake all of us. Be prepared to live those golden years of your life in peace, and in the shadow of love of your loved ones.

The writer is the managing director of Syngenta Bangladesh Ltd.