

International Business News

StanChart to raise \$2.66b in rights issue

British-based Standard Chartered bank said Monday it plans to raise 1.78 billion pounds (2.66 billion US dollars) in a rights issue to better position itself during the global financial turmoil.

The bank said its largest shareholder, Singapore sovereign wealth fund Temasek Holdings, intends to take up the offer and is also participating in underwriting the issue.

The rights issue "reinforces the strength of the balance sheet during this turbulent period," the bank said in a statement, adding that the move would allow it to take advantage of opportunities amid the world's economic crisis.

Standard Chartered, which is listed in Hong Kong and London, said it plans to issue more than 470 million new ordinary shares on the basis of 30 new shares for every 91 existing ones.

They will be priced at 390 pence each, a discount of 48.7 percent on the stock's closing price last Friday, the bank said. In Hong Kong the issue price will be 45.11 Hong Kong dollars (5.82 US).

The bank says more than 90 percent of its operating income and profits come from Asia, Africa and the Middle East -- a strategy which has allowed it to make "good progress" this year despite enormous difficulties in world markets.

China plans new stimulus to boost consumption

China is drafting a new plan that aims to boost household consumption by providing wider insurance coverage and bigger salaries to sustain growth amid the global crisis, a state-run weekly reported.

The plan, following a 586-billion-dollar economic stimulus package announced two weeks ago, is being drafted by the National Development and Research Commission, the Economic Observer reported.

"Anything can be considered as long as it drives households to spend money," it said, citing an unnamed official with the country's top economic planning agency.

Measures proposed in the plan include raising salaries, subsidising low-income families, increasing subsidies for house purchases and raising government spending on medical care and education, the report said.

It also suggested a government cash injection into the stock market of up to 400 billion yuan (58.6 billion dollars), or around 10 percent of the current market capitalisation, to boost investors' confidence.

The newspaper did not give a figure of how much the overall package will cost.



A Chinese salesman waits underneath various animal trophies on sale at a luxury exhibition in Beijing on Sunday. China's growth, which soared by more than 11 percent in 2007, slowed to 9.0 percent in the third quarter of 2008, dragged down by economic slowdowns in key export markets.

German business confidence collapses in November

Germany business confidence dropped for the sixth month running in November and to its lowest level since early 2003, a key index showed on Monday, after Europe's biggest economy plunged into recession.

The monthly business climate index calculated by Munich-based economic research institute Ifo "declined strikingly in November" to 85.8 points from 90.2 in October, a statement quoted Ifo president Hans-Werner Sinn as saying.

The last time the index was that low was in February 2003, when it fell to 84.9 points during Germany's last recession.

Analysts polled by Dow Jones Newswires had expected the widely-watched business sentiment indicator to drop to 88.6 points.

"On the whole, the economic downturn has worsened and will now have an impact on the labour market," Sinn said.

"Export business is expected to weaken at an accelerated pace and plans call for reductions in staff," he added.

Vietnam builds international airport on tourist island

Vietnam has started building a new international airport worth almost one billion dollars on its tranquil tropical island Phu Quoc to attract more tourists, the government said Monday.

The new Phu Quoc international airport will be able to handle 3 million passengers a year by 2012, said a report on the government's website.

The capacity will then be raised to seven million passengers a year by 2030, when the airport is completely finished.

Prime Minister Nguyen Tan Dung said at the ground breaking ceremony Sunday that the construction of the airport was a "breakthrough" that would "promote the district island's economy comprehensively".

Located 45 kilometres (28 miles) off Vietnam's southwestern coast, Phu Quoc island is believed to have the potential to become one of Southeast Asia's premier upmarket beach holiday destinations.

FINANCIAL TURMOIL

Govts roll out crisis battle plans

AFP, Washington

Governments on Monday rolled out new manoeuvres in their battle against a world economic crisis, with the United States propping up yet another pillar of its financial sector, Citigroup.

US President-elect Barack Obama was meanwhile reported to be planning a vast stimulus package and was set to unveil the heavyweight economic advisors in his future administration.

Britain's government was expected to announce plans to slash taxes and boost spending to avert recession while the leaders of France and Germany were to discuss French plans for concerted action to boost the recession-hit EU.

In Washington, the Treasury Department, Federal Reserve and Federal Deposit Insurance Corporation said in a statement that they agreed to protect the struggling banking giant Citigroup against "unusually large losses."

Their measures include giving it 20 billion dollars from a financial rescue package approved by Congress.

"The US government is taking the actions necessary to strengthen the financial system and protect US taxpayers and the US economy," the three agencies said.

The Washington Post reported that Obama and his Democratic allies in Congress were planning a new economic stimulus program that could total as much as 700 billion dollars over the next two years.

Citigroup was the latest in a series of US financial institutions that have needed rescuing or gone bust in a credit crisis that stemmed from a collapse of the US real estate market due to a proliferation of bad loans.

The crisis took a severe turn in September when the investment bank Lehman Brothers was allowed to fail and the US government then stepped in to rescue the huge insurance group AIG.

World leaders on Sunday vowed decisive action to tackle "one of the most serious economic challenges" ever, as they wrapped up a two-day summit in Peru addressing recent international financial upheaval.

"We will act quickly and deci-



A Chinese woman checks the listings for various jobs as she carries her child on her back, at an employment fair in Guiyang, southwest China's Guizhou region. China warned it was facing major unemployment problems due to the global economic crisis, as it unveiled a series of measures aimed at maintaining and creating jobs.

sively address the impending global economic slowdown," the leaders of the 21-member Asia-Pacific Economic Cooperation forum declared in a statement.

The Asia and Pacific leaders, who included US President George W. Bush, called for regulatory reform and better corporate governance, among other measures, to counteract a financial meltdown not seen since the Great Depression.

Asian stock markets were mostly down Monday amid uncertainty for the world economy despite the rescue pledge for

Citigroup and a 6.54 percent surge on Wall Street in anticipation that Obama would name New York Federal Reserve chief Timothy Geithner as his Treasury Secretary.

In a radio address Saturday, Obama also announced he had ordered his advisers to produce an economic recovery plan to create 2.5 million new jobs over the next two years.

Bail-out payments and stimulus plans were also the order of the day across the Atlantic.

The British government was expected to hit the rich to pay for tax cuts aimed at getting consum-

ers spending again, in an economic stimulus package to be unveiled on Monday.

Finance minister Alistair Darling on Sunday promised immediate support to every household in the country, with reports suggesting he would cut value-added tax on sales and raise the top rate of income tax.

Swiss authorities said they may inject more money into Switzerland's largest bank UBS a month after offering it tens of billions of dollars in aid.

"If the situation gets worse, we must... proceed with a new capital

increase," Swiss Federal Banking Commission head Daniel Zuberbuehler was quoted as saying by the weekly Sonntagszeitung, adding that another state intervention "was not excluded."

French President Nicolas Sarkozy was expected to press German Chancellor Angela Merkel to back his plans for a Europe-wide economic stimulus plan, at a regular Franco-German meeting in Paris.

Germany and the eurozone as a whole have officially slipped into recession after two quarters of economic contraction in a row.

COLUMN

DURREEN SHAHNAZ

Media's role in social change

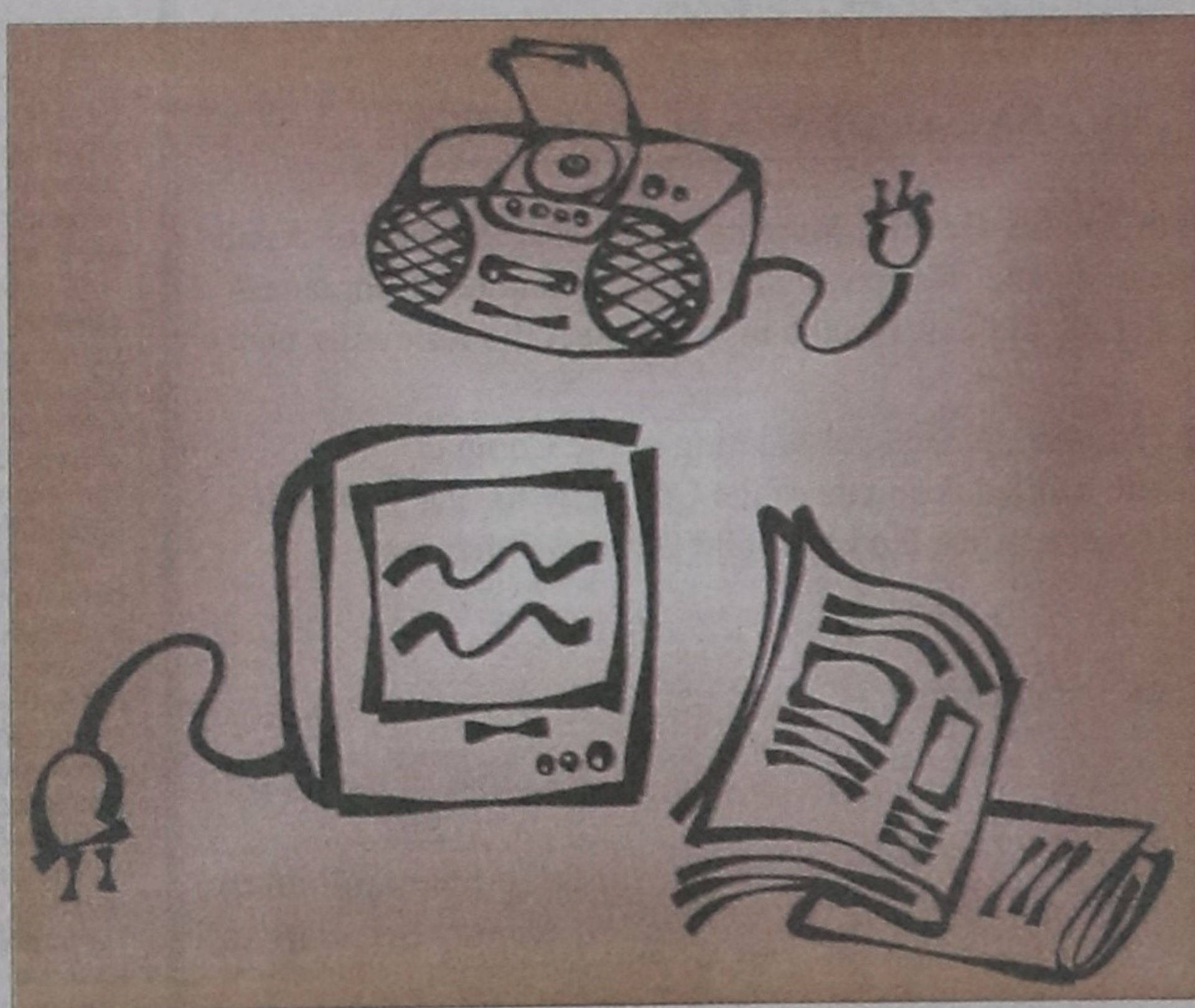
I have been quite nostalgic lately. My nostalgia stems from my recent 'temporary' retirement from the media world to focus more fully on promoting socially responsible businesses. As I look back at my career and try to give myself an honest 'report card' on how well I lived up to my goal of making a positive impact on society through my media work, I can't help but to also question and explore the media industry's role in the broader context of social change. Like me, do media companies take their responsibility toward society seriously? How much impact can media really have in advancing social change? Bringing it close to home, what does it all mean for the media scene in Bangladesh?

When I first joined the publishing industry in New York, my boss gave me a piece of paper which he felt held the key to success in publishing -- "The purpose of publishing is not to make money".

"The purpose of publishing is to be of remarkable, outstanding, extraordinary, superior, notable, exciting, wonderful, sensational, marvelous, unheard of, exceptional, unprecedented, astonishing, awesome, indescribable, fabulous, fantastic, incredible, prodigious, unspeakable, phenomenal and stupendous USE, BENEFIT and SERVICE to the reader. Then it will follow, as night the day, you cannot help but make money..."

Since then, I have tried to create exceptional publications, programmes and internet outlets that provided a distinct benefit to society. However, I always struggled with the definition of 'benefit'. Was I really benefiting the society?

Economic benefit is quantifiable, but how does one really measure the social benefit created by media? Do media outlets really change people's lives? (Well, Oprah certainly does and I did work on the 'O the Oprah Magazine' deal) Do readers/viewers really know what is good for them? Should I decide what is good for them? How will this also benefit the advertisers who are actually paying the bills? When I moved to Asia, I added a few more questions to the list: do I really want to help the government get its message across to my readers? Can I pass on this information, which is a benefit to the society but will cost me my publishing license? Should I really publish this even if it means I will lose some advertisers?



The answers to many of the questions were clear-cut for me, and sticking to my guns on these issues and the ethical dilemmas surrounding them was part of the contribution I made to social change and social benefit -- at least that is what I think.

As with a lot of my colleagues in the media industry, I joined the industry because of an idealistic desire to act as an agent of social change. Throughout my media career -- at the glamorous fashion magazines in New York (yes, I had the pleasure of managing editors like the one in The Devil Wears Prada), where I had to fight tooth and nail to get minority representation on the covers; or in the restricted media world of many Asian countries, where I had to explain to the higher authorities why a 'lifestyle' magazine needed to write about human rights -- I always told myself that, albeit in a small way, I am making my own social change. The question still gnaws at me though -- how much more could I or should I have done in my positions in media?

Fast forward to the present day in

Bangladesh a month from now a history-making election will take place. Instead of a media change maker, I am now a media observer. As an observer, I am at the receiving end of whatever information my media colleagues are publishing and broadcasting. I am reading a lot about the preparations for the elections, the usual squabbles between the two begums, and the caretaker government's reassurance that it will be a 'fair and clean election'. However, I am still missing the most important information -- I know next to nothing about the candidates.

Of course I know about the comings and goings of the big party honchos, but I want to know about the potential parliamentarians from every corner of the country. I want to know (as do my fellow citizens and readers/viewers) everything about them: their views on economic and social policies, their personal stance on important issues, and their character. These men and women will be shaping the future of the country, and the citizens have a right to unbiased information about them. However, such information is nowhere to be found.

Gathering and disseminating information about candidates may be tedious, boring and may not make business sense to publish. (Advertisers may not be interested in advertising next to such material). However, this information needs to get to the public, and in Bangladesh, newspaper and television are the best media to get this information out.

I have been thinking about what is the most cost-effective way to get this important but monetarily non-lucrative message across and came up with an interesting solution. I would like to propose a 'win-win' solution for all the parties involved: as part of fulfilling their corporate social responsibility (CSR) duties, Bangladeshi media companies should donate their remnant space (their unused advertising space) to an unbiased third party (such as Shujon) which is dedicated to getting information out to the public about the potential member of parliament candidates. This remnant space donation should qualify for a tax rebate as the current government has already promised for CSR activities for the private sector. In a system where there is no public financing for election campaigns, I feel an initiative such as this one will be a step towards a campaign finance/information dissemination system of some kind where the media companies can play a significant role in stimulating positive social change.

In my experience, Bangladesh media are one of the relatively freer ones in Asia (albeit with potential of danger on individual level). The media companies need to use that freedom and make more of an effort to embrace their responsibility to create social benefit and change. Some outlets are already embracing this, but more needs to be done. Perhaps my media colleagues in Bangladesh are asking the same questions I asked myself before -- do the readers/viewers know what is good for them? Should I decide what is good for them? It should be a slippery slope. However, the election information dissemination is a no-brainer. People need this information and you, the media company can give it them while enjoying tax benefit, a clear win-win situation one does not always get.

The writer is an adjunct associate professor at Lee Kuan Yew School of Public Policy at the National University of Singapore and a former media executive.