

International Business News

BHP Billiton drops Rio Tinto takeover bid

AFP, Sydney

The world's biggest miner BHP Billiton announced Tuesday it was dropping its controversial hostile takeover bid for rival Rio Tinto due to the state of the global economy.

The massive offer, which would have created a global mining behemoth, had raised concerns from steelmakers that the new company would have too much control over commodity prices.

Rio Tinto repeatedly rejected the offer as too low before the financial crisis had fully kicked in, and BHP chief executive Marius Kloppers said Tuesday that it was now off the table.

"The greater debt exposure of the combination plus the difficulty of divesting assets have increased the risks to shareholder value to an unacceptable level," he said in a statement.

Chairman Don Argus said the company was concerned about the "deterioration of near-term economic conditions" but insisted that the tie-up still made sense.

"We have not changed our view of the basic industrial logic of the combination, or of the longer term prospects for natural resource demand growth driven by emerging economies," he said in a statement.

BHP Billiton increased its offer to 3.4 of its own shares for every Rio Tinto share in February, effectively valuing Rio, the world's third-biggest miner, at 147.4 billion dollars at the time the offer was made.

ECB lends eurozone banks more than 334b euros

AFP, Frankfurt

The European Central Bank said on Tuesday that it lent eurozone banks more than 334 billion euros (429 billion dollars) for a week in its latest operation to boost inter-bank lending on money markets.

A total of 836 banks requested the funds, which were lent starting on Wednesday at the ECB's benchmark rate of 3.25 percent, a statement said.

The central bank has been providing huge amounts of euros, dollars and Swiss francs to eurozone banks to get them lending to each other again after the global financial crisis froze the crucial interbank markets.

The funds help commercial banks maintain minimum reserves needed to underpin lending to companies that make up the broader eurozone economy.

Markets froze as commercial banks became wary that loans to each other would not be repaid owing to huge losses being suffered following the collapse of the US market for high-risk, or subprime, mortgages.

Money markets determine the availability of credit for vast numbers of people around the globe, from managers trying to fund their businesses to families and students seeking mortgages and personal loans.



AFP

This picture taken yesterday shows one of the world's most densely populated areas, the district of Mong Kok in Hong Kong. Prices for many apartments in the southern Chinese territory have fallen between 10 to 30 percent in the last two months, as property demand shrinks on the back of job cuts and an economic recession.

Airbus may cut production if crisis worsens

AFP, Paris

The boss of European aircraft manufacturer Airbus says he has not ruled out a cut in production if the economic crisis worsens, while promising to back clients facing difficulties financing the purchase of planes.

Answering a question on production cuts at a dinner given in Paris Monday by the Association of Professional Aeronautics and Space Journalists, Thomas Enders replied: "We can't rule anything out at the moment."

On October 15 Airbus said it had given up its goal of increasing production of its medium-range A320 jets to 40 a month in 2010, maintaining its output at 36.

Airbus has logged 119 cancelled aircraft orders since the start of the year, including 71 in October alone, company figures showed earlier this month.

October saw the cancellation of an order for 65 Airbus A319 airliners by the low-cost US carrier Skybus, which closed down earlier this year, an Airbus spokeswoman said.

Skanska announces 3,400 job cuts

AFP, Stockholm

Swedish construction group Skanska announced on Tuesday that it is to cut 3,400 jobs in the Nordic region of which 2,000 are to go in Sweden owing to slowing activity in the economy.

Skanska employs a total of 20,500 people in the Nordic region and 60,000 worldwide.

The company said that it would adapt its organisation to "anticipated volume decline" in the Nordic market.

The measures were expected "to affect 2,000 employees in Sweden and 1,400 in the remainder of the Nordic region."

The reorganisation would cost about 600 million kronor (58 million euros, 74.5 million dollars).

The group recalled that in the third quarter it had reported a fall in profits, notably in the construction sector which is its core business, and expected this trend to continue in 2009.

CAREER

Events bring students jobs



AMRAN HOSSAIN

Visitors seek information about products at a stall at the First International CNG Exhibition at Bangladesh-China Friendship Conference Centre.

SOHEL PARVEZ

An executive-looking young man in crisp black and white uniform welcomes a visitor to a stall. The look is unbeatable, as sharp as the brand he is representing.

The visitor seemed drawn to the counter by Ashikuzzaman Chowdhury, a BBA student of Stamford University.

Ashikuzzaman is among hundreds of students who seek part-time jobs. Many work at fairs, food courts and boutique shops in the city.

Ashikuzzaman had worked for four days at Rahimafrooz CNG Ltd's stall that displayed products and a miniature model of the Quikfill CNG refuelling station.

The company, a subsidiary of Rahimafrooz, showcased its products at the First International CNG Exhibition at the Bangladesh-China Friendship Conference Centre (BCFCC).

The four-day showcase, which concluded yesterday, brought together 30 local and foreign companies, offering various products ranging from setting up refuelling stations to CNG conversion facilities.

"It's all about how you attract visitors to show your products. And that is my job, welcoming visitors in a way such that they are impressed and voluntarily enter the stall," said Ashikuzzaman, who was representing Rahimafrooz CNG at the fair.

Ashikuzzaman was not the only young fellow greeting the visitors. Like him, Tazrin Khan Adrita and Kiswar Aksha were also doing the same for other companies attending the event.

This was the first time either of them had participated in such an event.

"It's exciting and a great experience. It helps me improve my communication skills and bring in some money, at the same time," said Adrita, a student of business administration at the East West University. She was representing Southern Automobiles at the show.

But it was not the first time for Golam Sarwar, a MBA student, or Md Khurshed Talukder, a student at the Polytechnic Institute. Both of them have worked at such exhibitions earlier, not only to earn the extra buck but also to add value to their CVs. They aim to compete in

the job market soon after completing their degree.

Years ago, students' engagement in such exhibitions was limited. Industry stakeholders say the emergence of event management firms and an increase in the number of private universities that focus on delivering business education have motivated students.

Employers' growing focus on hiring people with experience has also fuelled this trend, analysts say.

"It gives me the platform to get acquainted with top management and build a network of communications," says Ashikuzzaman. He was appointed to work for Rahimafrooz by an event management firm.

Ashikuzzaman said he, along with three other mates, received as much as Tk 600 a day as honorarium for serving Rahimafrooz. But it was not the money alone that inspired him to work at the exhibition.

Golam Sarwar, another student who believes he has the potential to be recruited by Rahimafrooz in future, says, "I am not working for money but for experience." He

wishes to woo the employers by his performance and be on their good books.

Md Khurshed Talukder, who recently graduated from Dhaka Polytechnic Institute, also believes the exposure would help him attract employers. Khurshed was selling beverages at the entrance of the fair and he has been attending such events for the past one-year, as a medium to earn money to facilitate his education.

"I earn Tk 1,000 a month by attending one or two such events. It is a good thing; the job gives me flexibility and reduces dependency on my parents," he says.

AKM Fahim Mashroor, chief executive of the country's biggest online job portal, bdjobs.com, says a rise in the number of events organised by event management firms has assisted students get such part time assignments.

"It's a good sign as it mainly helps increase confidence, experience and exposure," he says. "Of course employers do not always count on such experience but the confidence they gain helps in the job market."

Syed Ferhat Anwar, a professor at the Institute of Business

Administration of University of Dhaka, also labels this trend as being positive.

"It allows students to get an opportunity to learn about the requirements of the job, directly from employers, and at the same time, it helps the organisation earn something too," he said. "It also helps students understand today's business practices and groom themselves up, outside their textbooks."

Anwar says companies can hire students at lower costs.

"It forms a free training ground for students and an opportunity for employers to test whom they can employ in the future," he says.

Hossain Khaled, president of the Dhaka Chamber of Commerce and Industry (DCCI), views, "It is an extremely important learning tool in preparation for the real job market. At the same time, it creates employment."

"As employers, we count on such exposure as involvement helps students be better team players," says Khaled, also the corporate director of Anwar Group of Industries.

sohel@thedailystar.net

FINANCIAL CRISIS

Citigroup bailout breeds relief, caution

AFP, Washington

The rescue of US banking giant Citigroup and steps by governments to spur economic growth calmed fears of financial turmoil on Tuesday, tempered with caution over the wider scope of the crisis.

US president-elect Barack Obama warned that countries had to work together to stem the financial crisis which has spread economic gloom around the world, as he named his new team of economic advisors.

"The economic crisis we face is no longer just an American crisis, it is a global crisis -- and we will need to reach out to countries around the world to craft a global response," said Obama, who takes office on January 20.

The US government's move to guarantee hundreds of billions of dollars of Citigroup's debt sent stock prices soaring in Asia, Europe and the United States, though European shares slipped back in opening trade on Tuesday.

"The bailout eased risks to the entire financial system," said Hideaki Higashi, strategist at SMBC Friend Securities.

Stocks closed up 5.2 percent in Tokyo, 5.8 percent in Sydney, 1.4 percent in Seoul and 3.4 percent in Hong Kong.

On Monday the Dow Jones Industrial Average jumped 4.93 percent. Once the world's biggest banking group, Citigroup's shares had slumped last week on bankruptcy fears.



But analysts warned that there might be more bad news in the pipeline after the US government agreed to the rescue, shouldering Washington with potential losses of up to 306 billion dollars and injecting capital of 20 billion dollars, which follows a previous 25-billion-dollar infusion.

"Markets welcomed the bailout with a sigh of relief," said Hachijuni Bank strategist Sho Komamura. "But uncertainty

remains over what will happen next as no-one had thought that Citigroup would need such a bailout."

Citigroup's shares had slumped last week over fears it could follow other banks into the financial void, but surged when trading opened on Monday.

The bailout plan sparked a frenzy on the markets, with Wall Street and European stock markets soaring as investors cheered

the news.

In Britain, finance minister Alistair Darling, who forecast a sharp economic contraction in 2009, launched a tax and spending plan worth 20 billion pounds (30 billion dollars), sparking a 9.84 percent leap in the London stock market.

Europe's other two main stock markets, Paris and Frankfurt, each soared by more than 10 percent on Monday, before re-opening on

Tuesday with declines of less than one percent. London was down 0.5 percent at the open on Tuesday.

Obama confirmed the New York Federal Reserve president and former Treasury official Timothy Geithner as his nominee for Treasury secretary, and the former Treasury boss Larry Summers as his top economic adviser in the White House.

The president-elect may unveil more details of a proposed stimulus package at a press conference on Tuesday, with Democrats vowing to draw it up as soon as possible.

The package should be approved "right now," Obama said, adding it should be the first order of business for the new Congress in January.

"We have a consensus, which is rare, between conservative economists and liberal economists, that we need a big stimulus package that will jolt the economy back into shape."

Obama has announced a plan to create 2.5 million jobs through a spending spree on national infrastructure.

Outgoing US President George W. Bush again pledged that his administration was ready to take all necessary measures to shore up the struggling US economy.

"This is a tough situation for America. We'll recover from it. The first step to recovery is to safeguard our financial system," Bush told reporters after late night talks with Treasury Secretary Henry Paulson.