

International Business News

Bill Gates questions bailout for Big Three automakers

AFP, Washington

Microsoft billionaire founder Bill Gates wondered Wednesday why the US government was considering a bailout for the Big Three US automakers when no private investor was willing to foot the bill.

"After all, they have to say 'if no one else is willing to invest, why is that?'" Gates told CNN on the eve of congressional hearings on restructuring plans and requests by Chrysler, Ford and General Motors for a combined 34 billion dollars in government bridge loans to avert a collapse of the sector.

"What is it that investors are seeing about this business model or cost structure that makes them unwilling, and why, in that case, is the government alone stepping forward in this way?" Gates said.

"When you don't have any private investors you really have to say, is taxpayer money going to have the desired effect?"

Gates suggested the government look closely at the Detroit automakers' restructuring plans.

"There are very few industries that aren't going to suffer this (economic) downturn.... How does government take its finite resources and decide how much restructuring or change is expected there?"

"And ideally you look at the sign of private investment as part of how you say, 'OK, that really is a good investment class.'"

Survey renames Tokyo Asia's costliest city for expats

AFP, Hong Kong

Strengthening currencies made Tokyo reclaim the title of Asia's most expensive city for expatriates while Beijing has become more costly than Hong Kong for the first time, a survey showed Thursday.

"Recent exchange rate fluctuations resulting from this year's economic crisis are having a major impact on the cost of living for expatriates," said ECA International, a human resources firm.

Tokyo is ranked number one in Asia and second most expensive in the world after Luanda, the Angolan capital, ECA said.

The capital of the oil-rich southern African nation ranked highest because some of the key consumer items favoured by expatriates that are monitored in the survey's calculations can be very expensive there.

Last year, Tokyo was Asia's second most expensive city, behind Seoul, but dropped out of the top 10 most expensive cities globally for the first time that year because of the weaker yen.

"While inflation has tripled since last year, increases in cost of living over the last two months for foreigners coming to Japan have been primarily a result of exchange rate movements," ECA said.



AFP

US Treasury chief Henry Paulson (R) co-chairs the two-day Strategic Economic Dialogue, a twice-yearly event and the last under the administration of US President George W. Bush, at the Diaoyutai State Guesthouse in Beijing yesterday. China's top envoy to high-level economic talks with the United States, Vice Premier Wang Qishan urged Washington to make sure Chinese investments in the US economy were safe.

US, China vow teamwork amid currency tensions

AFP, Beijing

China and the United States vowed Thursday at a top-level meeting in Beijing to cooperate in tackling the global economic crisis, even as they sparred over Chinese exchange rate reform.

Following a recent weakening of China's currency, the yuan, US Treasury Secretary Henry Paulson's team pressured his hosts on the contentious issue on the first day of their twice-yearly Strategic Economic Dialogue (SED).

"We certainly emphasised the importance in our view of continued currency reform, and that currency reform is important for continuing to re-balance China's economy," a senior US official said on the first of two days of talks.

"There was a fair amount of discussion on the Chinese side about the challenges they face but also a restatement of their commitment to continued currency reform," he said, briefing reporters on condition of anonymity.

Dubai developer reviewing mega housing project

AFP, Dubai

A Dubai developer said is reviewing plans for a massive 95-billion-dollar housing project it unveiled just two months ago, in a sign the global economic crisis is beginning to hit the booming city-state.

Government-owned Meraas boasted in October that its mega-project "Jumeirah Gardens" would have some of the city's biggest towers, in a development to be built over 12 years.

Now the company is revising its plans. "We are simply reviewing our business strategy, as well as the phasing and rollout of the Jumeirah Gardens project to make sure the development proceeds in the most opportune way to meet changing investor needs," it said in a statement received on Thursday.

"By the beginning of 2009 there will be more clarity and details on the Jumeirah Gardens master-plan and the product roll-out," it said.

ENTREPRENEURSHIP

Toys lift women from poverty

REPAYET ULLAH MIRDHA

Samantha Morshed, a British-born Bangladeshi housewife, has set up an out-of-the-ordinary industrial unit that operates with 3,200 women across the country and mainly exports children's toys to North and South America, Europe, and Australia.

Hathay Bunano, a local handicraft exporting company, has an intricately woven assembly process and is based on trust and relationships, rather than the manufacturing lines that are most common in factories. The beautiful hand-knitted, hand crochet, and hand-embroidered products for children have made their mark with the 'Made in Bangladesh' tag at many destinations.

Samantha, chief executive officer of Hathay Bunano, seeks to create rural employment that is good quality, fairly paid, local and flexible. Employment that enhances the employees' life prevents economic migration and family separation.

They specialise in the production of children's toys, produced mostly by women, who traditionally find it difficult to find jobs. Most are physically challenged.

The management of Hathay Bunano supplies the raw materials needed to manufacture the toys, to rural female workers to manufacture the export quality toys.

With their eye on the finish line and constant focus on innovation, Hathay Bunano has witnessed year-on-year export growth of more than 100 percent since its start in 2005.

The company currently boasts production volumes of 10,000 pieces of toys per month.



Workers make toys at a centre of Hathay Bunano.

International Finance Corporation's South Asia Enterprise Development Facility (IFC-SEDF), a member of the World Bank, technically assisted the implementation of the organisation's management information system (MIS).

A key challenge for the organisation remains in the effective cost monitoring system, order placement and resource allocation of the dispersed rural centres.

It is the relentless work practices of the rural women that has supported this non-profit organisation's exports, says company management.

Samantha says Hathay Bunano works closely with the Centre for Rehabilitation of the Paralysed (CRP), founded by Valerie Taylor, in providing

employment opportunities for those who have completed rehabilitation at the CRP.

"These women become trainers in our organisation and together we are all working towards changing people's attitude towards the physically challenged in Bangladesh," she says.

"We have physically challenged women working at our head office in Dhaka and at the Dhaka Notun Bazar production and training centre. Our centre in Mymensingh is operated by the physically challenged," Samantha says.

"We have roaming trainers currently on assignment in Khulna, introducing new products and working with CRP on a new production and training centre. This is done exclusively to accommodate the challenged at



HATHAY BUNANO

the Sylhet centre."

Samantha says the centre is often a rented structure, built of tin sheds, from someone within the community. "Mains electricity is not essential -- we can use solar or battery power for lighting and fans," she adds.

She says Hathay Bunano is a member of the Ecota Fair Trade Forum, the body for Fair Trade in Bangladesh.

"We are currently working towards SA8000 certification to ensure social accountability, in a joint project with the IFC-SEDF and hope to achieve it early next year."

The principles of Fair Trade, which Hathay Bunano has been following, include, transparency and accountability, gender equality, opportunity for economically disadvantaged groups, consider-

ation of the environment, capacity building for workers, promotion of fair trade, payment of fair wages, restraint from child labour and safe working conditions.

Speaking to The Daily Star, Samantha says her export of toys has been going well, even in the face of the ongoing global financial recession.

"We are still receiving orders as before from the foreign buyers even in times of the financial recession," she says.

"Activities that promote gender and women's empowerment is at the core of what needs to be done to remain competitive," says Deepak Adhikary, deputy general manager and head of IFC-SEDF, Bangladesh, Nepal and Bhutan.

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FINANCIAL CRISIS

Tough time for American shoppers

AP, Washington

There are ample reasons for America's shoppers to act like grinch on this holiday season, with lost jobs, wilting retirement accounts and shrinking home values topping the list.

And if anyone needed more evidence of consumers' weary state and the nation's deteriorating job market, they got it Thursday with the latest batch of bleak economic data.

The number of newly laid-off people signing up for unemployment benefits last week dropped by 21,000 to 509,000, the Labor Department reported. Even with the drop which was better than the increase economists were forecasting the level of jobless applications was still quite high and pointed to a deeply troubled employment climate.

The number of people continuing to draw unemployment benefits last week climbed to 4.09 million, a 26-year high.

AT&T, the Dallas-based telecommunications giant, announced Thursday it will slash 12,000 jobs or about 4 percent of its workforce in response to all the economic troubles. Job reductions will take place this month and into next year.

A grim picture was forming as retailers reported their November sales Thursday.

Costco Wholesale Corp., usually a strong performer, reported a bigger-than expected drop in same-store sales. Other retailers that saw declines in same-store sales are Bon-Ton Stores Inc., Limited Brands Inc. and Pacific Sunwear of California Inc. Same-store sales, or sales at stores open at least a year, are considered a key indicator of a retailer's health.

All told, the Goldman Sachs International Council of Shopping Centres sales index of retailers is expected to show a 1 percent drop in November, slightly worse than the 0.9 percent decline in October. That would be the weakest November performance since at least 1969 when the index began.

"Basically shoppers and workers are being told there is no Santa Claus," said Richard Yamarone, an economist at Argus Research.

Another economic report is expected to show that orders placed with U.S. factories fell in October, reflecting pull backs from



AFP

Eric Norcross directs a shopper at Macy's in New York City. This season is seen as an indicator of holiday shopping and the possible demise of retailers.

buyers in the United States as well as shoppers overseas, who are coping with their own economic troubles.

Federal Reserve Chairman Ben Bernanke, meanwhile, will speak about the housing crisis, which has driven up foreclosures and forced financial companies to log massive losses on soured mortgage investments. The housing debacle touched off the worst financial crisis since the 1930s that Bernanke and Treasury Secretary Henry Paulson have been desperately trying to bring under control.

And the chiefs of Chrysler LLC, General Motors Corp. and Ford Motor Co. return to Capitol Hill Thursday and Friday to make a fresh plea for as much as \$34 billion in emergency aid. Trying to win over sceptical lawmakers, automakers and their union on Wednesday promised labour concession and restructuring.

Were one or more of Detroit's Big Three to fail, that would deepen the recession and cause more job losses, industry officials warned.

Heading into the holidays, the country's economic picture has darkened further, according to a Federal Reserve survey of business conditions around the country released on Wednesday. Americans hunkered down, forcing retailers to ring up fewer sales and factories to cut back on production.

The survey suggested the country was sinking deeper into recession.

"Economic activity weakened across all Federal Reserve districts," the report concluded.

The Fed didn't use the word "recession," but just two days earlier the National Bureau of Economic Research declared what many Americans already knew in their bones: that the country had

been suffering through one since last December.

To cushion the fallout, Bernanke said Monday that the central bank is prepared to lower its key interest rate and to explore other ways to revive economic activity. Many economists predict the Fed will cut its rate now near a historic low of 1 percent at its last scheduled meeting this year on Dec. 16.

"We've seen things fall off a cliff," said economist Ken Mayland, president of ClearView Economics. "Everybody consumers and businesses are just freezing."

Retailers were preparing for a relatively slow holiday sales season," the Fed report said. New York retailers said the holiday sales season is likely to feature more discounted prices on merchandise than last year. Some retailers in the Fed regions of Boston,

Philadelphia, Cleveland and Dallas planned to cut capital spending projects for 2009.

Consumer spending which includes retail sales is a major shaper of national economic activity. But job cuts, tanking investment portfolios and sinking home values have made American consumers wary of spending.

The economy jolted into reverse in the summer as consumers slashed their spending by the most in 28 years.

Many believe the economy will continue to shrink through the rest of this year and into the first quarter of next year. At 12 months and counting, the current recession is longer than the 10-month average length of recessions since World War II. The record for the longest recession in the postwar period is 16 months, which was reached in the 1973-75 and 1981-82 downturns.