

International Business News

Time Warner to lose MTV, other channels to Viacom fees spat

AFP, Washington

Millions of subscribers to the Time Warner Cable television network risked losing some of their favourite shows on Thursday amid a bitter dispute with entertainment giant Viacom Inc. over rights fees.

Viacom has threatened to pull Nickelodeon, MTV, Comedy Central, VH1 and 15 other channels from Time Warner and its 13.3 million subscribers at 12:01 am (0501 GMT) on Thursday if a new fees deal is not reached by then.

Viacom published a full-page advertisement in The New York Times and other newspapers on Wednesday showing "Dora the Explorer," the star of its popular Nickelodeon cartoon, shedding a tear.

"Why is Dora crying?" the ad asked before answering its own question. "Time Warner Cable is taking Dora off the air tonight!"

Glenn Britt, president and chief executive of Time Warner Cable, the second largest US cable network, shot back with a statement of his own on Wednesday.

"Christmas is over, but Viacom is still playing Scrooge, threatening to pull its MTV Networks off of Time Warner Cable at midnight tonight unless we ask our customers to pay exorbitant price increases," he said.

Britt accused Viacom of "trying to extort another 39 million dollars annually" from Time Warner customers.

Indian inflation at nine-month low of 6.38pc

AFP, New Delhi

India's inflation rate fell to a nine-month low, government data showed Thursday, providing more scope for interest rate cuts to boost growth.

The annual rate of inflation fell from 6.61 percent to 6.38 percent for the week ending December 20, according to the Wholesale Price Index, the most watched cost-of-living monitor.

Inflation has fallen sharply since it crossed 12 percent for the first time in 13 years in August.

A reduction in prices of petrol and diesel by the government and a cut in value added tax by four percentage points earlier in the month have brought prices down.

Economists said the central Reserve Bank of India was expected to lower interest rates at its next scheduled monetary policy meeting on January 27.

Various Indian government officials have projected economic growth of between seven and eight percent for the year to March 2009, down from three years of at least nine percent expansion.

However, many economists forecast growth of around 6.8 percent to March and as low as 5.5 percent the following year.



A man along with his children waits for his wife outside of an apparel shop at a Tokyo shopping mall yesterday. Shops in Japan started the New Year bargain sale.

US Treasury finalises \$4b loan for GM

AFP, Washington

The US Treasury said late Wednesday it had finalized a 4-billion-dollar emergency loan for troubled automaker General Motors.

The department "today finalized the loan transaction for GM and funded the first tranche of 4 billion dollars," said Treasury spokeswoman Brookly McLaughlin.

The loan is part of a 13.4-billion-dollar rescue package the US government approved this month for GM and Chrysler to stave off collapse amid tight credit and dismal sales.

GM would receive a total of 9.4 billion dollars in loans through January, and could obtain an additional four billion dollars from February pending congressional approval. Treasury has also provided six billion dollars in aid to GMAC, GM's financial arm.

McLaughlin said the agency is "working expeditiously with Chrysler to finalize that transaction and we remain committed to closing it on a timeline that will meet near-term funding needs."

Hong Kong people most pessimistic about 2009

AFP, Hong Kong

Hong Kong people are more gloomy about the prospects for 2009 than anyone else in the world, while mainland Chinese are among the most optimistic, a worldwide survey released Thursday said.

Sixty-seven percent of the 1,013 people polled in Hong Kong by research firms TNS and Gallup International between October and December believed that 2009 would be worse than 2008 -- almost double the global figure of 35 percent.

Just five percent said Hong Kong would become more prosperous this year, although 65 percent of full-time and part-time employees are confident that their jobs are secure.

The survey interviewed 45,700 people in 46 countries and regions.

The downbeat mood in Hong Kong is in stark contrast to findings from a similar survey conducted by the same organisations 12 months earlier, which ranked people in the Chinese territory as the most optimistic in Asia.

STOCKS

Wall Street eyes relief in 2009

AP, New York

The last trading day of 2008 on Wall Street provided a merciful end to an abysmal year - the worst since the Great Depression, wiping out \$6.9 trillion in stock market wealth. Six years of stock gains disappeared as the economy crumbled and markets crashed around the globe, shaking the confidence of professional and individual investors alike.

But the year's chaos went far beyond the stock market. Credit markets that drive lending became paralysed, plunging the country further into recession and touching off an unprecedented rush for the safety of Treasury bills, notes and bonds. Commodities markets, usually ignored by most investors, soared on speculative buying and then collapsed when it became clear that the world economy was in trouble and that record high prices, including oil's peak above \$147 a barrel, were unjustified.

"It was a feeling of flailing," said Jerry Webman, chief economist at Oppenheimer Funds Inc. "People couldn't get a grasp because there were not obvious historical precedents."

By the year's end, many market analysts were predicting that 2009 would be better, but that recovery would be slow as investors, shaken by the devastation to their portfolios, U.S. companies and the overall economy, remain reluctant to buy.

"I think this may be much more of a show-me market than we're used to. The market is going to be looking for some stabilization, increases in earnings, a few more positives before it begins to recover," said Webman.

Wall Street's stats for 2008 provide evidence of how stunningly terrible the year was:

- The average price of a share listed on the New York Stock Exchange plunged 45 percent to \$41.14 by the end of the year from \$75.01 a year earlier.

- The Dow Jones industrial average fell 33.8 percent for the year and 38 percent from its record close of 14,165.53 in October 2007, making it the Dow's worst year since 1931, when the country was in the midst of the Great Depression.

- The Standard & Poor's 500 index, the indicator most watched by market pros, slumped 38.5 percent in 2008 and 42.3 percent from its 2007 high of 1,565.15.

- Investors lost \$6.9 trillion as relentless selling reduced the value of stocks across the market. That amount, measured by the Dow Jones Wilshire 5000 Composite Index, represented 38 percent of the total value of U.S. stocks at the start of 2008.

Yet the last week of the year was almost serene.

On Wednesday, the Dow rose 108.00, or 1.25 percent, to 8,776.39.

Broader stock indicators also rose. The Standard & Poor's 500 index gained 12.61, or 1.42 percent, to 903.25. The Nasdaq composite index rose 26.33, or 1.70 percent, to 1,577.03 and ended the year down 40.5 percent. It's down 44.8 percent from its recent peak in October; the Nasdaq's record high close of 5,048.62 came in March 2000 just before the end of the dot-com boom.

The Russell 2000 index of smaller companies rose 16.68, or 3.46 percent, to 499.45.

The tranquillity was a welcome change in



Singaporeans watch fireworks burst in the sky of neighbouring Malaysia's southern state of Johor as they celebrate the beginning of 2009 in Singapore yesterday. Singapore's economy is likely to worsen this year after growing just 1.5 percent in 2008.

a year that was rocky from the start as worries about the financial system were fed by reports that banks had suffered billions of dollars in losses on securities tied to defaulting mortgages. The forced-sale of Bear Stearns Cos. in March unnerved Wall Street, yet it still managed to right itself through the spring.

The surging price of oil and other commodities dealt another blow to the market. As a barrel of crude leaped from \$112 at the beginning of May to a once-unthinkable \$147.27 on July 11. With retail gasoline prices soaring above \$4 a gallon, stocks fell amid fears that consumers would have to cut back their spending because of higher energy prices.

But the market again stabilized - until the September bankruptcy of one of the most venerable Wall Street investment firms, Lehman Brothers Holdings Inc., set off a panic on Wall Street and in the credit markets. Banks, fearing that other financial institutions would be unable to repay, stopped lending to each other. The market for short-term corporate debt known as commercial paper was frozen. Interest rates soared.

The only thriving part of the credit markets was government debt. Investors desperate for safety poured money into Treasury issues, particularly short-term bills. The yield on the three month bill plunged to zero, and briefly to a negative return, as investors decided no return or a slight loss was better than the losses on Wall Street or in commodities.

Wall Street's crash in 2008 didn't come in one day like the famous 22.6 percent plunge of Oct. 26, 1987. In many ways it was more nightmarish than Black Monday because

there wasn't a quick end to the selling and record volatility.

From Sept. 15 to Nov. 20, when the Dow fell to a close of 7,552.29, the depths it had reached in the bear market of 2002, the blue chips rose or fell by triple digits 41 trading days out of 49.

Relative stability returned to the market during December. But Wall Street's horrific performance has cast a new mold for modern bear markets, often defined as a decline of more than 20 percent, and made expectations for 2009 so low that any reduction in the economic bloodletting would be considered a victory.

"Everyone is so down in the dumps about everything that I do think it gives you the opportunity to have a positive surprise if maybe the economy does turn quicker," said Bill Stone, chief investment strategist at PNC Wealth Management.

Wall Street is hoping for signs of recovery by the second half of 2009, including evidence the housing market has hit bottom, increased lending by banks and a drop in unemployment accompanied by increased consumer spending.

But for the near future economists and market experts predict more bad news.

"I have yet to see anyone who anticipates that the first half of next year is going to be rosy," said Dean Junkans, chief investment officer at Wells Fargo Private Bank.

But even a modest improvement in the economy, which has been in recession since last December, could help stocks extend their recent run.

"If you're standing still, walking is a pickup of speed," said Alan Levenson, chief economist at T. Rowe Price Associates Inc.

The government has helped calm mar-

kets with a \$700 billion rescue of the financial sector and by agreeing to provide financing to the major U.S. automakers. The Federal Reserve slashed its benchmark interest rate to near zero to reduce borrowing costs.

Cheaper oil prices - it settled at \$44.60 a barrel on Wednesday - are expected to help bolster the economy, draining less money away from consumers and businesses. The declining prices of other commodities, which have come down in response to rapidly waning demand for raw materials around the world, should also help.

In addition, some analysts believe the market will improve because so many investors have pulled out, leaving little room for more selling.

"Given the nasty carnage how much further risk is there?" said David Darst, chief investment strategist for Morgan Stanley's global wealth management group.

Still, the credit markets remain nearly stagnant as banks continue to be anxious about lending.

Corporate forecasts in January could help shape investor sentiment, even as expectations are modest.

David Kelly, chief market strategist at JPMorgan Funds, said the prospects for the market are "exceptionally uncertain."

For the market to hold its advance from November he contends the calmer trading of the past month must continue and president-elect Barack Obama's plan to boost the economy with spending on infrastructure must show it is working quickly.

"The great risk is we are in a wait-and-see economy," Kelly said. "What Obama needs to do is turn this into a do-it-now economy, give people a reason to buy."

COLUMN

SARWAR AHMED

Destroying your brand

What is a brand? You will get several verbose definitions, depending on the book you look up. To me, a brand means just one thing - trust. All activities done by an organisation will build up brand image, which translates to trust. Every time a customer interacts with anything related to an organisation, be it people, products or advertisements, it will create an emotional experience. And be careful, this experience will eventually translate into trust, whether the customer will trust spending their money by buying from you.

Having completed his studies, our son returned home to join the family before Eid. He chose to fly the newly introduced Best Air, quite obviously wanting to fly a Bangladeshi airline back home. Beyond the two hour delay at Kuala Lumpur Airport, he found, as did most of the passengers, his luggage had not arrived. Angry irate passengers, mostly laborers, who had come to join their families for Eid, were consoled by ground staff, with promises of bringing in the luggage the next day with the next available flights of any airlines coming from KL.

The next day, my son tried to call up the now non-responding customer services phone number. Late in the afternoon, finally, the customer services person quite innocently claimed that the phone line was open and then said, our next flight is coming on the 14th, which was a week away, and we are sorry, your luggage will only come then, and then quickly hung up. On the 14th, the calendar was again pushed forward to the 25th, this time the excuse was the morning mist in Dhaka!

Any organisation may have service failures. There is no hundred percent guarantee that things will always be right. What I



Passengers lug their bags out of Zia International Airport, a busy place often blamed for constant hassles and poor customer service.

find is a lack of training for handling such failures. So what happens is that the services people, responsible for handling customers, make a mess, putting up excuses or even worse, more false promises, which they know fully well will not be kept either.

I recall a Biman flight to Paris, some years ago. I was to attend a two weeklong marketing course at INSEAD, Fontainebleau, which is a small town an hour's train journey away from Paris. Already six hours late to take off, we spent another two extra hours in Dubai before we began the next leg of our journey to Paris. One of my co-passengers

was a gentleman from the French Embassy in Dhaka. He predicted all too knowingly, that we would not stop over in Paris but continue on to London, the ultimate destination. He also said that he had been through this before, and lo and behold, as we neared Paris, the pilot apologised and due to technical difficulties, we were going straight to London.

As we landed, British Airways ground staff greeted us and quickly put us on the next available flight to Paris. What about our luggage? Leave your address, we will send it to you. Having reached Paris, I could take

the last train out to Fontainebleau and reached the sleepy station past midnight. As was instructed by INSEAD, I asked the stationmaster where I could find a taxi. The half asleep man looked up, mumbled and pointed in a northerly direction and promptly went back to sleep.

A couple too had alighted at the station, just the three of us. Quite obviously there wasn't a soul in sight at nearly 1 am. I asked them how would I reach INSEAD? Since they lived near the campus, I might as well join them for the long walk ahead, they volunteered. And anyway, there were only six taxis in town, and the driver-owners of these taxis would not take it kindly to be awoken up for a fare at this time of the night.

As we walked through the sleeping town, we heard a voice singing away merrily in the otherwise quiet of the night. It turned out to be the town's baker, getting his bread ready for the morning, the whiff of fresh, oven-baked bread drifting down the road. My partners greeted the baker as we passed his window. As we trudged on, the quiet was punctuated by a dog's bark at a faraway distance. I was only too glad that I had company! It was past 3 am when I made it to INSEAD, the receptionist was startled at my appearance at that unearthly hour.

Tired to the bones, I slept through nearly the whole of the next day. My luggage did arrive by taxi the next evening, thanks to the efficiency of British Airways. Such experiences make or break the trust with a brand. Do you think I would risk flying Biman again? Or my son, Best Air again?

The writer is the managing director of Syngenta Bangladesh Ltd.