

International Business News

Nissan job cuts hit hard in Britain's 'Motor City'

AFP, Sunderland, England

The loss of 1,200 jobs at a giant Nissan car factory in northeast England is fuelling fears that the wheels are coming off Britain's "Motor City", as the global economy grinds to a halt.

The Nissan cuts are also reviving grim memories of previous downturns, in a region which has struggled to reinvent itself after the decline of traditional industries in the past.

Japan's third-biggest carmaker said this month it was axing a quarter of the Sunderland plant's 5,000 staff following a dramatic drop in worldwide demand for new cars as buyers see finance options dry up in the credit crunch.

While Nissan insisted it was acting to safeguard the future of the plant, the announcement left many workers fearing that more job cuts could follow in a region where unemployment is already above the national average.

"It is devastating news," said Dave Telford, the regional officer for the Unite union.

"I hope the plant will be safe in the long term, but who knows how long the problems are going to last? Nobody knows."

When Nissan chose Sunderland as the site of the first European factory operated by a Japanese automaker in 1984, it was a huge shot in the arm for a region where shipbuilding and mining had gone into terminal decline.

Japan's Nomura to book \$3.4b loss

AFP, Tokyo

Japan's largest brokerage Nomura Holdings is forecast to report a net loss of some 300 billion yen (3.4 billion dollars) for the October-December quarter, its worst in eight years, a report said Sunday.

It would be the worst loss since April-June 2001, when the group changed its accounting standards, the Nikkei business daily said.

The Nomura group, which felt the brunt of the current financial crisis and became a victim of a pyramid scheme organised by US fund manager Bernard Madoff, is likely to see a loss of more than 400 billion yen for April through December, the newspaper added.

In the October-December period, the group's revenue streams dried up amid depressed securities trading, the Nikkei said.

Nomura is also trying to book costs associated with the purchase of regional operations of collapsed US investment bank Lehman Brothers, the report said.

Nomura said last month it made a net loss of 149.5 billion yen in the six months to September and announced 1,000 job cuts as it struggled to cope with the global economic turmoil.



A Turkish protester holds a mask of Turkish Finance Minister Kemal Unakitan on Saturday during a demonstration in Ankara against the government's privatisation policy of state-owned corporations.

China provides incentives for job-seeking graduates

AFP, Beijing

China has announced a raft of measures to help university graduates find jobs, state media reported Sunday, in a bid to fight unemployment amid the global economic crisis.

The nation's State Council, or cabinet, said it would help train one million unemployed graduates in the next three years to boost their qualifications, the official Xinhua news agency said.

The government would also give preferential loans of up to two million yuan (300,000 dollars) to companies that recruited graduates, the report said.

Graduates who were willing to set up their own businesses would qualify for loans of 50,000 yuan.

The announcements come days after China announced that more than half a million people lost their jobs in the last three months of 2008 due to the global economic crisis.

As of December 31, 8.86 million urban residents were registered as jobless, up 560,000 from the end of the third quarter, ministry of human resources spokesman Yin Chengji told reporters on Tuesday.

Colombia, Venezuela form \$200m fund to boost trade

AP, Bogota, Colombia

The presidents of Colombia and Venezuela pledged Saturday to invest \$100 million each in a special fund in hopes of boosting cross-border trade as the world economic crisis slashes global demand for their exports.

The cash will help create small businesses and should finance infrastructure projects along the border, Venezuelan President Hugo Chavez said after four hours of talks in the Caribbean port of Cartagena with his Colombian counterpart, Alvaro Uribe.

"Nobody knows where this crisis might go," Chavez told a televised news conference.

Trade between the two nations reached a record \$7.2 billion in 2008, and Chavez said they should aim for \$10 billion a year in 2009 and 2010. Both neighbors are looking to prevent the global slowdown from crimping commerce and spurring unemployment.

Once-rapid growth in Venezuela's oil-dependent economy is slowing with falling crude prices, while Colombia has seen textile sales decline. Caracas is Colombia's biggest trade partner after the U.S., making it especially vulnerable to a slowdown in Venezuela.

LIFESTYLE

Silent cry of RMG worker

ADIL MAHMOOD, Star Online

Momena lost everything in the 1998 floods and then came to Dhaka in search for a livelihood. Now she lives here in a slum, struggling to make ends meet and dealing with the high cost of living. She says if her home in the village did not go under water, she would live in Faridpur now.

She is a readymade garment worker, and her dwelling place is in Mohammadpur area.

A visit to her residence will give an impression at every step of bypassing a pool of garbage, which will feel like a big drain of filth. Her room is hardly three-square metres in space, with a 'chatal' (mat made from bamboo strips and palm leaves) lying on the floor to serve as a bed. The mat occupies almost all the space in the room, leaving a narrow space for a bamboo shelf and a pitcher next to it. The bamboo rack holds all the kitchen items that Momena and her family possess. All the five members of her family live in that room. At night the door barely closes.

Momena complains, "In the hot summer and monsoon months it is suffocating to live in such a small room even though the room has a ceiling fan. The ceiling is so close to head that the children can touch the fan if they stand on the bed. It's dangerous."

Momena's accommodation and rent do not include a kitchen or toilet.

"I cook just outside my room.

As there is no shade, I cover my mud stove with a tin shade to protect it from rainwater.

However, I cannot protect my room from the rainwater. In the monsoon, rain makes my mud floor muddy. I have to live like this with my children because I cannot afford a better one," she says.

Momena's husband was a rickshaw-puller but for the last three years he has been suffering from acute backache, which restricts him from work. Now he does nothing. To add to her woes, her husband has developed narcotic addiction, for which Momena needs to bear from her pay.

"My factory pays me Tk 2,250. I work eight hours a day from 7.30am to 3.30pm. But I'm not



A woman runs a sewing machine at a garment factory in Dhaka. Workers demand that RMG factory owners fast-track steps to increase their wages and facilities.

satisfied at all with my remuneration. I cannot afford everyday meals for my children with this salary as the prices of essentials have gone so high," she says.

"Moreover, my room rent increases in every six months. My husband's unemployment and addiction are making my life miserable," she adds.

Momena is blessed with three offspring -- two boys and a girl. Both the boys go to school and read in class five and three, enjoying 'free education', thanks to an NGO. The organisation bears the school-going expenses of the children in that particular slum.

However, the NGO is not going to support students beyond class five. Momena is now anxious about her children's future.

"What will I do if my boys do not get the NGO's help? In my current situation, I will not be able to support their academic expenses and all other necessities at the same time. I'm afraid I may have to call off their education soon and ask them to help by employing them in work," she says.

Momena hardly cares child labour laws. She says, "Necessity knows no law. If they are unable to go to school because of my family's current weak financial condi-

tion, what will they do sitting at home? Besides, the socio-economic environment of the locality isn't that good. They might fall prey to 'anti-social' activities and I don't want that to happen."

About her factory's working environment and whether the authorities follow the international standards set for the women workers, she says, "I have no idea. But I do know one thing very well - no human being can work there properly. The place is suffocating, not well ventilated, there is no emergency exit, no fire extinguisher, nothing. The supervisor's behaviour is very rude. He doesn't

appreciate any good effort but yells when any worker commits even a trifle mistake. And if anyone commits a blunder then God help her."

Momena thinks of her future staring at uncertainty. She thinks about her crooked husband or the jeopardy her children's future is in or maybe even about what tomorrow's menu will be. Hundreds of Momenas are out there, facing the same fate. If this is the present state of the readymade garment workers, then the government and RMG factory owners should take steps to increase their wages and facilities to save them.

INFORMATION TECHNOLOGY

India's outsourcing faces bleak outlook

AFP, Mumbai

India's software sector, reeling from a huge accounting fraud in one of its flagship companies, faces further problems as US firms scale back in a troubled global business environment, analysts said.

Two of India's top IT companies -- Infosys Technologies and Wipro -- have acknowledged that their revenues are under pressure.

Meanwhile, India's largest software exporter Tata Consultancy Services (TCS) saw its third-quarter net profit rise by a lower-than-expected 1.57 percent from a year earlier because of the global economic slowdown. It traditionally gives no guidance.

The flurry of dismal earnings news and a one-billion-dollar false accounting scandal at Satyam Computer Services earlier this month has combined to cool investor sentiment towards the once red-hot sector, which employs two million workers in India.

"We're seeing a clear slowdown for the IT giants (in the latest quarter) and it's not a surprise," said Apurva Shah, head of research at brokerage Prabhudas Lilladher.

Brokerage firms and analysts say the outlook appears bleak for the top IT companies for at least the next two quarters.

"The near-term outlook for India's IT sector is cautious and uncertain," said Harit Shah, software analyst at Angel Broking.

"Revenue visibility has become hazier than ever. With the US economy likely to undergo an extended period of painful transition, any recovery is likely to take some while," Shah said.

Infosys' chief executive S. Gopalkrishnan said last week the budgets of overseas clients would be clearer by mid-February and they were expected to be "slightly less or flat".

TCS does not forecast revenues but admitted it was "operating in a challenging environment".

Infosys Technologies and Wipro said they lowered revenue guidance in their latest earnings forecasts because of the global economic situation.



Founder and former chairman of Satyam Computers, B Ramalinga Raju (C) returns to Chenchalguda Prison in Hyderabad on January 23. The disgraced former chairman of top Indian outsourcing firm Satyam was remanded into judicial custody until January 31.

Infosys' full-year dollar guidance was cautious with revenues expected in the 4.67 billion dollars to 4.71 billion dollar range -- representing growth of 11.8 to 12.8 percent, a far cry from earlier growth of plus 30 percent.

Meanwhile Wipro this week lowered its revenue guidance for the next three months to 1.04 billion dollars -- below the 1.12 billion dollars it notched up in the three-months to December last year.

"While Infosys has twice cut its annual guidance in the year to March 2009, Wipro commented on the difficulty in giving guidance even for a quarter," said analyst Abhiram Eleswarapu of BNP Paribas.

"We continue to be skeptical about Wipro's prospects" as its clients "continue to face turmoil," an analyst with BRICS Services added.

Meanwhile, the National Association of Software and Services Companies (NASSCOM) lobby group has now delayed its growth forecast for India's IT sector for the year to March 2010 due to the Satyam scandal.

India's business community has been rocked by Satyam founder B. Ramalinga Raju's declaration on January 7 that he had fudged the company's accounts for years and that one billion dollars in cash on its books was non-existent.

A new set of auditors are now restating its earnings.

Uncertainty in the sector's future business volumes could be compounded if outsourcing laws undergo a change now that Barack Obama has been installed as the 44th US president.

During his election campaign, Obama said he would offer incentives to companies that created jobs at home and halt tax breaks to those that ship work abroad.

Close to four-fifths of the world's biggest companies outsource work to India, with about 60 percent of the contracts coming from the United States.

However, India's IT firms have brushed off concerns that Obama would formally seek to curtail outsourcing.

NASSCOM has said it believes that these fears are unfounded, despite Washington's efforts to boost job opportunities at home.