

International Business News

Geithner, Bernanke work on \$700b bailout overhaul

AP, Washington  
Treasury Secretary Timothy Geithner, Federal Reserve Chairman Ben Bernanke and other top banking officials met Friday to hammer out details of a major overhaul of the government's financial rescue program. One official said the Obama administration was close to unveiling the new plan.  
This senior administration official, who spoke to The Associated Press, said the administration was on track to announce its overhaul of the \$700 billion bailout program soon, possibly as early as next week.  
This official, who spoke on condition of anonymity because the plan has not yet been unveiled, said that it would employ a full range of tools to get credit flowing again to families and businesses.  
While there had been reports that the administration may decide against setting up a government-run bank known as a bad bank to purchase toxic assets, this official said the administration was still developing the part of the plan to deal with toxic assets and no final decisions had been made.  
The administration is working on proposals for how it will use the last \$350 billion from the rescue program. Some of the measures being considered could end up costing taxpayers hundreds of billions of dollars beyond the original \$700 billion pricetag.

China's Hu urges Obama to resist protectionism

AFP, Beijing  
China's president urged better ties with the United States in his first phone conversation with President Barack Obama, and called for both sides to resist trade protectionism, Beijing said Saturday.  
Friday's conversation, 11 days into Obama's presidency, followed sharp exchanges between the two sides over China's currency policy, amid criticisms that China manipulates its yuan to boost its exports overseas.  
An account of the conversation issued by the Chinese foreign ministry quoted President Hu Jintao telling Obama that China would work toward a "more constructive China-US relationship."  
Hu told Obama China welcomed US efforts to shore up the American economy, but warned against moves toward protectionism, the statement said.  
"We hope to strengthen communication and coordination on macroeconomic policy and firmly resist trade protectionism," Hu was quoted saying.  
White House spokesman Robert Gibbs framed the conversation as positive, with the two sides pledging closer cooperation on the crisis and other matters.  
But he also said Obama "stressed the need to correct global trade imbalances as well as to stimulate global growth and get credit markets flowing."



A man offers leaflets for a shop buying gold on Wall Street near the New York Stock Exchange in New York on Friday. The US economy contracted at the fastest pace since 1982, a 3.8 percent rate of decline, but avoided an even more calamitous drop feared by analysts, data showed.

IMF forecasts Australian growth below zero: Rudd

AFP, Sydney  
Australia's prime minister on Saturday announced that the International Monetary Fund has downgraded the country's growth forecast for 2009, estimating the economy would contract by 0.2 percent.  
"Notwithstanding the fact that we would have the highest growth among the major developed economies for the year ahead, we would nonetheless, according to the IMF be just below zero without any further measures adopted," Kevin Rudd told reporters.  
The IMF slashed its global economic outlook last week, predicting the financial crisis would slow growth to a virtual standstill this year.  
It projected world growth to fall to 0.5 percent in 2009, its lowest rate since World War II. The Fund did not address Australia's outlook in the briefing last week. Its last estimate, in November, flagged growth for the country at 1.8 percent, saying it expected Australia to "slow appreciably".  
Australia had expected to weather the storm better than most, with the government pinning its hopes on a still-growing China and associated commodities demand.

HSBC bank chief says 'go-go years' salaries must change

AFP, Davos, Switzerland  
The head of banking giant HSBC said Friday that salaries in the industry will have to change but banks must not be "demonised" over the financial crisis.  
US President Barack Obama's attack on "shameful bonuses" given by banks despite the economic turmoil has put new pressure on finance industry chiefs who have acknowledged growing political and public anger over wages.  
Stephen Green, group chairman of HSBC, Europe's biggest bank, acknowledged the excesses of what he called "the go-go years" at a press conference at the World Economic Forum.  
"Banks have clearly done things wrong. Some of the practices did not contribute, by any reasonable standards, to human welfare."  
He said the new "market" would inevitably change salaries but he defended the paying of bonuses.

WORLD ECONOMY

Davos turns to trade deals



British Prime Minister Gordon Brown speaks during a session of the World Economic Forum summit in Davos yesterday.

AP, Davos, Switzerland  
World leaders looking for hope amid recessionary gloom turned their attention Saturday to a long-stalled global trade deal, increasingly seen as a necessary bulwark against the rising threat of protectionism.  
British Prime Minister Gordon Brown warned at the World Economic Forum that unease about the global financial crisis was no reason to recoil from free trade, calling cooperation the only path forward.  
"This is not like the 1930s. The world can come together," he said. "This is a global banking crisis and you've got to deal with it for what it is, a global banking crisis."  
Brown reiterated the need for new systems to deflect future crisis, a key focus of a meeting of the Group of 20 richest nations in London in April. Brown and other leaders believe an international early alert system might have prevented the rapid planetary contagion in financial markets last year.  
France's finance minister - whose country faced massive strikes and protests on Thursday by workers angry over the government's handling of the crisis - stressed the challenges of helping atrophying industries without damaging free trade.  
"We're facing two major risks: The first is social unrest. The second is protectionist risks," French Christine Lagarde said.  
The director of the World Trade Organization, Pascal Lamy, was to take the stage later at the gathering of more than 2,500 business and political leaders in this elegant Alpine resort.  
Trade negotiators from about 20 countries were meeting on the sidelines of the forum Saturday to discuss ways to advance the eight-year Doha round of trade talks.  
Japanese Prime Minister Taro Aso said his country would do its part: "We will resolutely fight protectionism."  
Top CEOs and politicians at Davos have urged

the new U.S. administration, the world's market, to steer clear of new barriers to foreign imports in dealing with a recession. Such moves could push other countries to respond in kind.  
"Protectionism is probably one of the most contagious diseases," Brazil's Foreign Minister Celso Amorim said in an interview with the AP.  
The fear of policy makers and businessmen in the U.S. and abroad is that Washington may revert to the strategy it employed at the beginning of the Great Depression, when it hiked tariffs on thousands of foreign goods to protect American business.  
In the end, the U.S. Smoot-Hawley Act of 1930 led to worldwide retaliation and the devastation of international commerce. World powers after World War II tried to guard against a repeat of the experience by setting up the Bretton Woods global financial institutions.  
President Barack Obama faces a dilemma over "buy American" provisions that favor U.S. steel, iron and manufacturing in a massive economic stimulus bill moving through Congress: backing the measures could set off a trade war, opposing them could trigger a backlash from his supporters.  
Beyond trade, the leaders at Davos heard fervent appeals on behalf of the "bottom billion" people in the world economy.  
Aso also spoke about development aid at the World Economic Forum, where business and political leaders chastened by crisis are seeking ways to fix the financial system amid pleas not to forget the world's poorest.  
Aso said Japan was ready to generously commit aid to needy Asian nations, and will stick to pledges to double aid to Africa.  
The global meltdown has already sapped the developed world of some of its generosity: forecasts calculate a precipitous drop in international investments in poor and developing nations, while charities are resizing their own operations as donations drop.

Boo big business

AP, Davos, Switzerland  
Forget big business, this year politicians seem to have all the answers.  
The forum in this Swiss Alpine hamlet is flooded every year with business leaders, and their solutions to all of life's ills. But this year, with a shattered world economy, the bailout and recovery plans of governments are drowning out the suggestions of CEOs and chairmen who've seen some of their credibility vanish.  
"The number of VIP politicians is huge, and it's a lot less bankers this year," said Rainer Ohler, senior vice president of Airbus SA. "What you are missing really is the top shots in banking."  
In years past, Davos was the place to see and be seen. Tycoons and captains of industry were the stars, and governments were told to stick to politics.  
But, mindful of what News Corp. chief Rupert Murdoch called the "\$50 trillion of personal wealth" that has vanished since September, the focus has shifted.  
Russia's Prime Minister Vladimir Putin, Chinese Premier Wen Jiabao, British Prime Minister Gordon Brown, German Chancellor Angela Merkel and Mexican President Felipe Calderon are just some of the more than 40 heads of state in Davos this year.  
They bring experience and - in some cases - political clout. Increasingly, they are also coming in charge of large parts of their national economies.  
"We have learned from previous crises and this time, in several countries in Latin America, there is good news and very good opportunities," Calderon said Friday.  
Brown said the idea was not to criticise or scorch individuals but noted that "we cannot reward or condone irresponsible and excessive risk taking." Instead, politicians are using the forum as a bully pulpit to call for international regulation.  
"We need to have a clear compass of where we want to go, to avoid the same sort of crisis we had," Merkel said, adding that crisis management is not sufficient, action is.  
Danish Prime Minister Anders Fogh Rasmussen said the large numbers of political leaders "is a good thing ... for finding solutions to the economic crisis and for fostering ambitious climate policies."  
His country will host a major U.N. climate meeting in December and he is using Davos to "try" to convince people that there's no competition between ambitious climate policies and the resolution of the financial crisis.  
However, Ohler said the traditional boundaries of governments have become blurred.  
"There are certain areas where governments need to take action and there are certain areas where it's clearly the financial markets that should take care of things," he said. "Governments are not the answer. We all need to do our homework and take care of ourselves."  
Swedish Prime Minister Fredrik Reinfeldt said government action was crucial, but in cooperation with industry, too.  
"It's not just giving away money and taking a risk on the taxpayers and giving all the good things that come out of that to the owners or to the ones in the highest position of the bank and financial sector," he said. "This is very important for the electorate to strike the right balance."  
Indeed, the shame of the financial meltdown has shamed much of the business community.  
PepsiCo CEO Indra Nooyi said this was unfair.  
"There are two streets - 90 percent of Main Street businesses have got great value and are working just fine. It's the other street that is not," she said, referring to Wall Street.  
Call it bad company, said Intel chairman Craig Barrett.  
"I don't think the layman really differentiates between whether you're a manufacturing or services or financial CEO," he told The Associated Press. "There's guilt by association."

COLUMN

Art to business

Tracing the history of an art to business has been an exhilarating experience. I decided to meet up with Animesh and Sabbir, two young men with a dream of putting Bangladesh on the map, and branding Bangladesh 'world class'.  
Having graduated with a first class first from the Institute of Fine Arts (today's Charukola) before the liberation of Bangladesh, Nitun Kundu wanted to be a teacher. Unfortunately time was against him as this was before 1971. To support his family he sought to make use of his creativity and innovative spirit. Thus began his journey, founding Otobi in 1975, with a small Tk 5,000 workshop and a showroom on Elephant Road, Dhaka. The 'workshop' model of business was born.  
Single-handedly handled by Nitun, the business prospered. However, Nitun realised that he was not a professional manager and sought help from a consultant in 1991. The consultant sketched out an organogram, policies and procedures that took forward the business in a tangent of growth.  
A hard working, determined and passionate person who believed in himself and in Bangladesh, Nitun's dreams have translated into Otobi's three modern plants in Ashulia, Shyampur and Mirpur. With more than 4,000 employees, Otobi is headquartered at Gulshan, Dhaka and has a retail network all over the country. Nitun believed that through determination, sincerity and perfection, anyone in Bangladesh can achieve world class competence. Always an artist in his heart, Nitun's sculptures adorn Bangladesh including the Saarc Fountain and Sabash Bangladesh.  
The elderly artist Nitun found solace in his son Animesh's foray in the family business. Animesh, a graduate from Cornell University, USA, on his part, realised that his charismatic and legendary father was an artist and not a proficient businessman.

Even though Otobi was perceived as an innovative furniture company, they were losing market share as new muscle flexing competitors entered the market. Animesh joined his father in 2001 to carry forward the legend and translate his father's art to a professional business. He spent time as an internee for two years in all the various departments of the business to learn things hands-on.  
Animesh too has his father's sense of humility and realised that he needed professional help in getting the business to the next level. A head-hunter brought Sabbir Hasan Nasir to the Kundu family. Sabbir is a B Sc engineer from Buet, and has an MBA from IBA. His career spans Bata, TetraPak, Golfrate (licensee of Unilever, Nestle and Krafts in Angola) in marketing (brand, category and key account management, sales and distribution), operations, costing and strategic planning. Sabbir sensed the overpowering presence of the senior Kundu and how this was hindering the decision making process in Otobi, and politely declined.  
Sabbir however offered to provide them consultancy. Animesh took up that offer. In the next couple of years as their chemistry blended, Animesh and Sabbir dreamt of making Otobi a global brand, designed a strategic roadmap which Animesh followed through. He continued to cajole Sabbir in joining Otobi, which Sabbir continued to refuse.  
Towards the middle of 2006, Nitun, in his 70s and sensing his end was near, called Sabbir for a one to one meeting. Even as he was passing the reins of the business to his son, Nitun was seeing the professionalism Sabbir was bringing in to Otobi. Holding his hands, like a father and son, the elderly Nitun quietly requested Sabbir to join Otobi. Sabbir simply could not refuse and joined as the CEO in mid 2006 with Animesh as the managing director.  
Thus these two young men brought in



Sabbir Hassan Nasir, CEO, and Animesh Kundu, managing director of Otobi, right.

an envious professionalism in Otobi - clearing up the years old cronyism, the politicians and the nay-sayers who were holding Otobi back. They have implanted values of innovation, discipline, 'we' as a team and customer focus that is taking roots in the Otobian culture.  
Otobi wants to be recognized as a world class retailer of choice and a brand in Asia Pacific in the furniture and furnishing business. With outlets all over Bangladesh and now in India, Otobi has taken the Bangladesh Brand abroad. Pursuing this vision, Sabbir and Animesh have brought in world class business

processes to ensure their success. They are implementing SAP, an enterprise management software. To implement their strategy, the balanced scorecard as well as performance management is a normal practice in Otobi. They have innovated their own research and forecasting models.  
Business is soaring to new heights. You can sense the pride and the determination of Animesh and Sabbir as they hold Nitun's torch up, keeping him alive through the Otobi brand.  
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