

International Business News

Obama signs \$787b stimulus bill tomorrow

AP, Washington
Savouring his first big victory in Congress, President Barack Obama on Saturday celebrated the newly passed \$787 billion economic stimulus bill as a "major milestone on our road to recovery."

Speaking in his weekly radio and Internet address, Obama said, "I will sign this legislation into law shortly, and we'll begin making the immediate investments necessary to put people back to work doing the work America needs done."

At the same time, he cautioned, "This historic step won't be the end of what we do to turn our economy around, but rather the beginning. The problems that led us into this crisis are deep and widespread, and our response must be equal to the task."

The bill passed Congress on Friday on party-line votes, allowing Democratic leaders to deliver on their promise of clearing the legislation by mid-February. Obama could sign the measure as early as Monday.

"It will take time, and it will take effort, but working together, we will turn this crisis into opportunity and emerge from our painful present into a brighter future," the president said.

Obama "now has a bill to sign that will create millions of good-paying jobs and help families and businesses stay afloat financially," said Sen. Max Baucus, a Montana Democrat who was a leading architect of the measure.

Japan to launch fresh stimulus package

AFP, Tokyo
Japan is to launch a fresh stimulus package as the world's second largest economy faces a sizeable contraction, a ruling party official and local media said.

Prime Minister Aso Taro will "shortly" announce a plan to compile the fresh economic package, Yoshihide Suga, a senior official of Aso's ruling Liberal Democratic Party (LDP), told reporters.

Some LDP members already suggested that the package should be worth 20 trillion yen to 30 trillion yen (217 billion yen to 326 billion yen), Suga said, adding: "I think we need such a size."

Earlier in the day, the close aide to Aso also told a television interview: "We must take action as a matter of course. We have to do something drastic."

In December, Aso announced a stimulus package worth 23 trillion yen, in addition to a 26.9 trillion yen package unveiled in October, as Japan has been in recession in the wake of the global economic crisis.

The Yomiuri Shimbun newspaper and Japan's public broadcaster NHK reported on Sunday that Aso would order the LDP as early as Monday to start working out details of the planned package.

The government will aim at submitting an extra budget to parliament in April to finance the third stimulus since the global economic crisis deepened late last year, the Yomiuri said.



More than 20,000 jobseekers gather at a job fair in Hefei, central China's Anhui province on Saturday. China said around 20 million rural migrants were now out of work -- more than triple the number announced in January -- in an indication that the slowdown in the world's third-largest economy was intensifying.

GM, Chrysler viability plans head to Washington next week

AFP, Detroit, Michigan
General Motors and Chrysler are due to present the US Treasury Department with a viability plan next week describing how they can return to profitability and repay 13.4 billion dollars in government loans.

Neither automaker has received approval from its main union or creditors but both insist the plans will work, although they have warned that they may need more help if economic conditions deteriorate.

GM and Chrysler were brought to the brink of bankruptcy last year as auto sales collapsed amid a credit crunch and widening recession.

The new year brought little relief: US auto sales fell 37 percent in January to their lowest annualized rate since 1982.

Analysts are forecasting that total sales will come in at between 10 million and 11 million units this year, which would be the industry's most dismal performance in 25 years and the worst since World War II after adjusting for population growth.

China eyes resources security with Rio deal

AFP, Beijing
China's record investment in a foreign firm has underlined the nation's drive to get more control over the natural resources that have helped fuel its rapid rise, analysts say.

State-owned aluminium firm Chinalco said last week it was putting 19.5 billion dollars into troubled Anglo-Australian mining giant Rio Tinto -- the most money China has ever invested in an overseas company.

For Rio, the deal provides cash to help pay off its vast debt load.

But for China, analysts say, the long-term strategic goal is to get more leverage over the essential materials -- like iron ore, a vital resource for making steel -- that have allowed the country's stunning rise.

Wang Jianhua, vice-director of Mysteel Research in Shanghai, put it simply: "China has money and needs resources."

ECO CONCERN

Textiles turning green in Asia

AFP, Paris
Green-friendly fabrics may be expensive, but increasing consumer demand for the environmentally-correct is now forcing Asia's textile giants to go the extra mile to produce clean cloth.

In a sign of the times, at Paris' twice-yearly Texworld textile trade fair this week, around 60 of the 660 firms exhibiting from around the world flew the green flag, a sharp increase on previous sessions, organisers said.

In China, Bangladesh and India, the world's top textile producers, as well as in Pakistan, South Korea and Taiwan, natural fibres, organic yarns, fair trade practices and clean processing are creeping into an industry often chided for polluting soils, wasting water and employing child labour.

"We will be starting organic and fair trade by next year," said Sajedur Rahman Talukder, a marketing manager for Bangladesh's biggest textile-maker, Norman Group of Industries, whose tens of thousands of workers supply western firms such as Ikea.

"It is a market demand." Eco-friendly fabrics, added South Korean firm Ludia, might currently be a niche product around 15 percent more expensive than run-of-the-mill textile, "but in two or three years the consumers will pay the difference."

"Eco-friendly is our key item, the market has changed," said a company manager.

2009 is being branded UN "International Year of Natural Fibres" to give a shot in the arm to the 40-billion-euro global annual business in cotton, linen, sisal, hemp, alpaca, jute, wool, angora, cashmere, and the like... much of it grown by small farmers in poor nations.

"Some 30 million tonnes of natural fibres are produced annually," 25 million of them cotton, the UN's food and agricultural agency FAO said last month. "Since the 1960s, the use of synthetic fibres has increased and natural fibres have lost a lot of their market share."

But 15 years ago, Chinese entrepreneur H.L. Ding already had his sights set on home-grown hemp, a 4,000-year-old fibre used in sails for old ships that he describes as the "fabric of the future."

Strong, resistant, in need of little water or care, and no fertilisers, "it is a very special plant, the strongest of the natural fibres, even better than linen."

Five years ago, said the head of Hemp Fortex, based in Qingdao with a design studio in Seattle in the United States, almost nobody had heard of hemp. Now Nike uses



Visitors walk past a stall of the recent Dhaka International Textile and Garment Machinery Exhibition in the capital. In Bangladesh, China and India, natural fibres, organic yarns, fair trade practices and clean processing are creeping into an industry often chided for polluting soils, wasting water and employing child labour.

the breathable, anti-bacteria, anti-UV fabric for its shoes.

"We believe organic cotton and hemp will be the main direction in the future," said Ding, whose turnover has grown from 400,000 to 10 million dollars a year selling to Walmart stores and labels such as Banana Republic and Patagonia.

Taiwan's Chia Her, a 30-year-old textile-maker, said it turned to eco-friendly textiles three years ago "because it was popular in Europe." Sales of green fabrics since have grown 100-fold.

India's Vardhman Fabrics, a firm founded 40 years ago that says it is the country's top yarn producer, also tip-toed down the green path four years ago "because everyone's asking for eco-friendly to save nature from global warming."

But going green is no easy business. And the first hurdle is winning the right to tag products as being environmentally-correct. A guide to eco-textile labelling published

by the organisers of the Texworld fair lists around 30 eco labels variously issued in Japan, Europe and the US, that all set standards for organic textiles and yarns as well as environmental and fair trade certifications.

"It's very expensive and very difficult to get the certifications," said Syed Adeel Haider, deputy marketing manager for Pakistan firm US Denim Mills, one of the big players on the jeans front, supplying to Levi's and Esprit.

Bringing in consultants, ensuring supplies such as yarns and chemicals met all the right standards, and re-adapting the manufacturing process called for sizeable investment, he said.

"We don't want to harm the environment, the soil or the crops, which are a livelihood for our people," he said. "So being green-friendly is a social attitude, but it's also business."

"Organic materials are in high demand

and stores such as Marks and Spencers for example won't buy anything unless we're clean from the environmental point of view."

Two years ago, he said, when the firm began offering green-friendly products, there was no interest. "Now we have enquiries every day."

Even in China, world textile leader with a workforce of 20 million and turnover last year at 400 billion euros, green fabrics are gaining a toe-hold.

"China is receiving increasing orders for eco-friendly textiles, with European customers handing you a thick book like a dictionary with standards and certifications, from the raw material to the finished product," said Yan York, the Chinese representative for Texworld.

"And in China too wealthy people are demanding green," he added. "They want trendy and fashionable clothes that also respect the environment."

FINANCIAL CRISIS

Tuna industry caught in global crisis net

AFP, General Santos, Philippines

Lito Vargas surveys the day's catch of yellowfin tuna as they slide down the steel gutting table at the bustling port at General Santos city in the southern Philippines.

"We used to haul them in such big numbers once but now the catch has dropped right off," Vargas sighed as the first batch of cleaned tuna was sent to the processing plant to be frozen, packed or canned before being shipped across the world.

There are many reasons for the falling catch, among them changing water temperatures that mean fewer tuna traverse these seas on their migration routes, and volatile crude oil prices.

But the main culprit, said Vargas and others in the local industry, is a massive slowdown in demand from the crisis-hit US, which used to account for more than 50 percent of General Santos's tuna market.

General Santos, often referred to as the tuna capital of the Philippines, is deep in tough times.

"I used to own over 100 fishing boats," Vargas told AFP. "Now I operate only half that. It's just become too expensive to keep the entire fleet floating."

From a lowly fish broker in the 1980s, 51-year-old Vargas rode on the crest of the tuna boom in the past two decades to become one of the top local fleet owners using traditional lines to catch the great fish.

He now owns luxury cars and homes, and attends boxing matches in Las Vegas with his political friends.

But his fortune, along with the livelihoods of tens of thousands who rely on the tuna industry, has been dented by the crisis in the US.

The yellowfin tuna is found in deep parts of the Pacific Ocean, as well as in the Moro Gulf and Celebes Sea straddling the border of the Philippines and Indonesia.

The fish that sits atop the oceanic food chain is considered gold



Workers unload freshly caught yellow-fin tuna at the General Santos City fish port, known as the tuna capital of the Philippines.

in General Santos, where the industry accounts for 60 percent of the local economy, and practically all aspects of life for the half a million residents are impacted by the fish.

The city is home to seven of the country's major tuna canning factories, with an average daily capacity of about 750 tonnes for both the local and export markets.

"If there is no tuna, there will be no food, no jobs, no money to send our children to school," said Rosy Barinan, who supervises port operations for the Philippine Cinnic Industrial Corp., which exports tuna to fish brokers in Los

Angeles. City mayor Pedro Acharon said the local government has held crisis meetings with the major tuna fishing associations and canneries in an effort to avert economic disaster.

"Production lines were affected when the demand slowed down. The factories cannot produce and produce without any outlets. There were some downsizing of workers, and reduction of manpower shifts," Acharon said.

The industry, worth 180 million dollars a year, directly employs between 60,000 and 80,000 people in General Santos alone. Nationwide, it employs about a

million people, and contributes around four percent to annual GDP.

Vargas said the family business -- which has had to retrench some key staff, though he won't say how many -- lost about 22 million pesos (nearly half a million dollars) in the last quarter of 2008.

Vargas is hoping that when things pick up, former employees can return. In the meantime, he's falling back on family to help run the company.

Mariano Fernandez, president of the local tuna canners' association, said the industry can survive the slowdown by exploring alternative markets in Europe and the

Middle East. At the Ocean Canning Corporation's factory in the outskirts of the city, where he is general manager, Fernandez said the US market "remains at a standstill."

"We still get orders but not as much as before," he said, adding that after the shock of slashed US orders in December, the company was now selling 70 percent of its product to Europe, and wanted to expand exports to China and the Middle East.

"We came back strong at the start of January. We still have a good future in tuna. After all, people need to eat to survive," he said.