

International Business News

Thailand approves \$143m tourism loan package

AFP, Bangkok

The Thai cabinet on Tuesday approved a 143 million dollar tourism rescue fund to combat waning profits resulting from the downturn in the global economy and last year's Bangkok airport closures.

An official at the Tourism and Sports Ministry said the fund had been set aside to guarantee a number of two-year low-interest loans for businesses working in the tourism sector.

"The cabinet approved a 5 billion baht (143 million dollar) budget to use as loans for business operators in the tourism industry," Permanent Secretary Sasithara Pichachannarong told reporters.

The loans would be provided by commercial banks but underwritten by the government, she said.

President of the Association of Thai Travel Agents (ATTA) Apichart Sankary said the loans would provide much needed cash for struggling small businesses.

"With this money, travel agents, hoteliers, restaurants and car rental companies can borrow money from the banks to boost their cash flow," he said.

"No agents or hotels want to sack their staff or limit working hours... but they have to because of the crisis. They can use this money for marketing or just to keep their business afloat," he added.

L'Oreal 2008 net profit falls 27pc

AP, Paris

French cosmetics maker L'Oreal said Monday that annual net profit fell 27 percent after disappointing American holiday sales, although the figures from a year earlier were boosted by a one-off gain.

The maker of Maybelline mascara and Lancome fragrances posted a net profit of euro1.95 billion (\$2.49 billion), weighed down by euro115 million of special charges. The results compared to euro2.66 billion in 2007, when L'Oreal made a euro617 gain on the sale of shares in Sanofi-Aventis.

Excluding non-recurring items, net profit rose to euro2.06 billion from euro2.04 billion in 2007. The company did not break out quarterly or half-yearly profit figures.

"In an environment made very difficult in 2008 by the economic crisis, L'Oreal is proving resilient," Chief Executive Officer Jean-Paul Agon said in a statement.

He gave no outlook for 2009, except to say the company will tackle the year "with realism, confidence and resolve."

L'Oreal shares closed down 1.1 percent at euro52.86 in Paris trading.

Sales rose 2.8 percent in the year to euro17.54 billion (\$22.39 billion).



People attend a job vacancy fair in Moscow yesterday. Popularity ratings for Russian President Dmitry Medvedev and Prime Minister Vladimir Putin have dipped amid the financial crisis, a poll showed. The slogan on the wall reads: "Need work? Come on in, we'll help!"

Daimler posts loss of 1.53b euros

AP, Berlin

German automaker Daimler AG on Tuesday reported a euro1.53 billion fourth-quarter loss and warned that sales of its marquee Mercedes-Benz cars would decline through 2009 because of the economic meltdown's pinch on the automotive industry.

The loss for the Stuttgart-based maker of Mercedes-Benz, Smart and Maybach compares to a profit of euro1.7 billion a year earlier.

Sales slid 12 percent, to euro23.2 billion compared with euro26.5 billion a year earlier as the number of vehicles the company sold fell 17 percent to 480,055 compared with 575,353 a year earlier.

For the full year, the automaker earned euro1.4 billion, down 65 percent from euro4 billion in 2007. The 27 analysts surveyed by Thomson Reuters had predicted an annual profit of euro3 billion.

Sales on the year dropped 4 percent to euro95.9 billion compared with euro99.4 billion.

The automaker said vehicle sales in 2008 dipped 1 percent to just more than 2.07 million sold compared with 2.08 million in 2007.

Fujitsu exits HDD business, sinks deeper in red

AFP, Tokyo

Japan's Fujitsu Ltd. said Tuesday it would transfer its struggling hard disk drive business to rival Toshiba Corp., a deal that will push it deeper into loss this year than previously expected.

Fujitsu forecast a net loss of 50 billion yen (555 million dollars) for the year to March, more than double the 20 billion yen loss it had estimated last month, due to the divestment of the HDD business.

The company left unchanged its forecasts for operating profit of 50 billion yen and revenue at 4.7 trillion yen.

Fujitsu said it would give off its HDD business into a new firm, which Toshiba will turn into a subsidiary with a stake of 80 percent. Fujitsu will hold 20 percent. Financial terms of the deal were not disclosed.

The transfer "will enable Toshiba to reinforce its already strong position as a leading vendor of small form factor HDDs, widely used in notebook PCs, mobile devices, automotive and consumer electronics," the statement said.

PERSONAL FINANCE

Recession crashes dream weddings

AP, New York

Maria Ayson and Nolan Green Jr should be married by now.

The couple set a date, picked their reception hall, bought the dress, booked the photographer and ordered the cake for a Saturday last August. Then came the bad news.

"When he got laid off, we were kind of caught with our pants down," said Ayson.

Rather than trying to plan a wedding while Green was looking for a new job in electronics retailing, the couple decided to push their date back a whole year. Ayson said putting off the wedding "was the best thing for our sanity and for ourselves." Especially since his new job forced a move to Los Angeles, while she remained in San Francisco.

The delay until August 9, 2009, also gave them time to rethink their wedding plans and try to find ways to scale back the party, without sacrificing on the celebration.

That's a step that countless couples are taking, as economic reality confronts one of consumer culture's most cherished institutions, the dream wedding. From do-it-yourself decorations to dancing to an iPod instead of a DJ, couples are scouring for savings.

The numbers tell much of the story: This year couples are expected to spend an average of \$20,400 on their weddings, down 6.5 percent from 2008. The forecast also marks a 29 percent drop from 2007's average of \$28,700, according to The Wedding Report, a market research company based in Tucson, Ariz.

Tough times offer some a chance to embrace their inner tightwad and, in select cases, toss a little scorn at the \$60 billion industry that bridal bloggers sometimes refer to as the "wedding industrial complex."

Indeed for many it's a chance to use talent and ingenuity to find ways to have a party fit for a princess on a less-than-royal budget.

After looking around and comparing prices on various items, Christina Duffy Erdman came to a conclusion: "I had to cut back." All told, her June 2008 wedding in Los Angeles came in at about \$10,000. "I felt like a princess, but (spent) a lot less money."

One move Erdman made may be a telling sign of a recession-era wedding: She bought her dress on eBay.

Erdman said she searched numerous bridal shops and found the perfect strapless



A woman displays a wedding dress in the US. The economic reality confronts one of consumer culture's most cherished institutions: the dream wedding.

gown by designer Maggie Sottero, but the \$1,200 price tag was just too high. Then the resident of Thousand Oaks, Calif, checked the online auction site and found the exact dress for just \$200.

That's a mere fraction of the \$841 The Wedding Report projects will be the average spent on a dress this year -- a price tag that's 8 percent lower than the 2008 average of \$916.

"I didn't know what I was going to get," Erdman said, admitting she had some reservations. "I didn't even have to alter it. It looked stunning on me."

Erdman, an interior designer whose business stumbled as the housing market crashed, used some of her creativity to craft her own decorations, including a "Wish Tree," to display ornaments with tags bearing wishes from their guests. She couldn't find one online for less than \$200, so she made her own for less than \$5.

But she and her husband Ted did have to cut out some extras. "There were some little details that I let fly," she said. "Then you realize that nobody cares."

The do-it-yourself spirit "I never wanted to be one of those women who cared about the color of the napkins, but you can't avoid it," said Marisa Telles, a Knoxville, Tenn, bride-to-be. She's hoping to spend about \$3,000 for her May wedding to Joey Martin.

Echoing Erdman's online find, another bargain was scored by Telles, who paid \$250 for her gown on eBay. "I was really proud of that one," Telles said.

She's planning to walk down the aisle to her fiancée in an outdoor ceremony at their home. She and Martin decided to put about \$3,000 toward renovations rather than renting a reception hall. She'll carry roses cut from her own garden, and her bridesmaids will wear their own dresses.

The guests will be served on off-white-and-green stoneware she purchased at a dollar store. And she's toying with the idea of preparing at least some of the food herself.

Telles may be willing to take on more work than most brides, but Carolyn Garcia, the regional catering sales director at the Wedgewood Wedding & Banquet Center in Northern California, said she's seeing many couples face some hard economic facts.

One strategy is switching their event from Saturday night to take advantage of lower rates. For 2009 and 2010, "We've actually filled up more Fridays and Saturday and Sunday afternoons than we have booked out Saturday nights," Garcia said.

Another trend is group purchases, according to Margaret Wong, co-founder of ProjectWedding.com, a social networking site. For instance Ayson, who postponed her wedding, said she found other brides willing to split the cost on certain items, like a cake topper. "I'm finding different ways to still get what I want, but at a fraction," she said.

Joyce Scardina Becker, president of the Wedding Industry Professionals Association, said she started to hear from

members last year that business was slowing down. Becker, who owns Events of Distinction, a wedding planning service in Marin County, Calif., advises couples to be honest about how much they have to spend, so that they can work with planners to economize in certain areas.

"In the past, brides and grooms liked to hold their budget as if they're playing poker," she said. "They need to be more forthcoming, and lay their cards out on the table."

One of the hardest decisions comes with the guest list. Ayson and Green's invitations are now down to about 220, cut from 300 last year.

The concern about costs extends beyond what the bride and groom will spend to include worry about asking far-flung friends and relatives, who are also feeling the effects of the downturn, to spend money to attend their wedding.

Ayson noted that the hotel where they're holding their reception only offers a \$10 discount to wedding guests. She expects many overseas and out of town invitees won't attend. "I still want to send them the invitation, because I want them to feel included and welcome," she said.

She is likewise cautious about asking for pricey gifts in a registry. "I don't need stuff," she said. They have so far registered only on a honeymoon site, asking guests to help pay for their trip.

Honeymoon registries have popped up all over the Web, and can be one way to help support that tradition. But the post-ceremony getaways are not being spared from cutbacks. More couples are planning to stay in the US rather than head overseas, and many are trimming the number of days they vacation, something the industry is referring to as a "mini-moon".

Alternative registries like honeymoon sites or even charitable sites are becoming more common choices, according to Rebecca Dolgin, executive editor of TheKnot.com. It's part of a broader trend she has seen among users of the site toward asking for more practical gifts.

"Even if the couple is not doing badly, they're very concerned about their guests," she said. "They just want to have a lot more varied prices on their registry."

While some couples might feel bad about watching the bottom line, many brides recognize that they're not alone. "Is it bad that we're looking at our guest list as dollar signs?" Ayson said. "I think a lot of people go through that."

COLUMN

SYED NASIM MANZUR

Necessity compels ...

Amidst a flood of reports on collapsing banks, global meltdown and vanishing jobs, The Daily Star delivered good news, "Local RMG carves niche in Chinese market", on Sunday.

After all the recent gloomy reports on the Bangladesh economy and exports in particular, this report brought to mind Mark Twain's words: "reports of my demise have been greatly exaggerated".

In the face of the global economic crisis, we have many reasons to fear for the business community of Bangladesh. Yet in the past, each time we were confronted by a new challenge to grow, a new obstacle on our road to progress, a new reason to fail, it seemed to galvanise us to greater innovation, sacrifice and entrepreneurship.

Maybe it is to do with the land we love so dear and the air we breathe. After all, one of the harsh realities of life on a delta, at the confluence of some of the most important river systems in the world, is that we are predisposed to being afflicted by floods and natural disasters with callous regularity. From this resilient soil emanates this never say die spirit of the Bangladeshi entrepreneur, which helps overcome obstacles that would feller less beings.

Faced by the challenges of a looming population explosion and shrinking arable land, Bangladeshi farmers have helped bring about an invisible revolution, taking us from breadbasket to food autarky status, in less than three decades. Of course there have been major external inputs such as improved irrigation technology and new seed varieties, but these have also been provided to other nations without such success. Today our farmers deliver three rice crops a year, a rarity in the world, and have even started to grow rice in brackish water and flood prone areas. Each of these farmers is an entrepreneur and a businessman even if he may not be called one. And despite major calamities, Bangladesh can now feed itself, and it is a credit to their prowess.

Moving from the unheralded farmer, to the much heralded garment exporter, all the abuse that we heap on them for exploiting labour, seeking profit at any cost and lack of social conscience, no one can deny that they have also transformed Bangladesh. Seizing on an opportunity created by the troubles in Sri Lanka, in two decades they have created the second largest ready made garments (RMG) industry in the world. They have put down initial non believers, targeted whisper campaigns by competitors, the stigma of child labour, lack of any support industry or export infrastructure, the



Shipments pile up at Chittagong Port. In the 1990s, exporters found ways to run their factories at night and still make shipments and hold onto their customers.

much feared end of the MFA (quota) regime and each time we have been told that they are out for the count, they have come back swinging and fighting.

Today our export industry is facing new and difficult challenges but our resolve is tempered with the steel of past experiences. When naysayers predicted the demise of the RMG export industry due to child labour issues, the industry acted and turned adversity into strength. The joint programme by the Bangladesh Garments Manufacturers and Exporters Association (BGMEA), ILO and the government has been universally acclaimed as a success even as many so called developed nation competitors struggle with this same issue.

Faced with endless hartals in the 90's, our exporters found ways to run their factories at night and still make shipments and hold onto their customers. I pray we never see those dark days again but I will never forget how we escorted convoys of imported inputs from ZIA to Shafipur after midnight and used those same trucks to bring finished goods back to ZIA for shipment.

Only two years ago, faced by a nationwide "aborodh" during the Dhaka visit of the vice president one of the largest US retailers, we rented a helicopter to help him commute back and forth from the factory rather than cancel the visit. Today they are our largest clients in the US. Before our politicians start jumping down my throat with cries of "I told you so" and how hartals do

not affect business, let me make one thing clear: we did what we had to because we had no choice. Needs must. But it make at a cost-not just financial or economic but also human and reputation. We should not forget that all businesses cannot afford such costs and no business can afford to sustain such costs for long.

The underlying point is, time and time again, Bangladeshi business communities, like the Bengal tiger, has shown that it is most dangerous when cornered.

I was proud to call myself a member of the business community the day it was reported that shop keepers in a market notorious for protection money and extortion by ruling party goons, had organised themselves with sirens, warning systems and stout sticks. I am not espousing vigilantism but these small business owners went from pillar to post seeking redress; finally faced with extinction, they were forced to react in a manner that you may call illegal but I call inevitable. Today their market is "chanda" free.

Not only locally, but internationally our business community has shown a heart disproportionate to our size. The case of our leading battery exporter going toe to toe with India in Geneva is now stuff of legend. Rahimafrooz successfully faced and overcame a dumping case by India, the world's largest proponent of anti dumping cases in the WTO, overcoming a deliberate attempt by our largest trading partner to block

access to their market for our fledgling battery exports.

Bangladesh is today exporting organic tea to England, leather shoes to Italy and seafood to France. Our pharmaceutical industry meets 97 percent of local demand, our GSM market is one of the fastest growing in the world. And the world is starting to take notice.

All of this has been in spite of the government and not because of the government: sheer entrepreneurial zeal breaking the local bureaucratic shackles and overcoming our international image deficit.

In the last one week, I heard how one of our largest and fastest growing pharmaceutical companies is negotiating with a US company to set up research facilities in Bangladesh, how a garments unit is trying to tie up with Turkish counterparts to produce high end designer knitwear, how local brand consultancies are trying to bring in some of the brightest minds in the business globally to speak to our corporate leaders on hyper competition.

So make no mistake, this crisis will hit us and maybe even hurt us but it will never break us. Because sometimes it is only when we stare defeat in the face that we find the strength in ourselves to stare it down and win.

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