International Business News

Australia likely to cut immigration

AFP, *Sydney*

Australia will likely cut the number of skilled immigrants allowed into the country next year, following the global economic downturn, the government said Monday.

"I expect the numbers of our programme to drop next year as a reaction to the economic circumstances," Immigration Minister Chris Evans told reporters.

He gave no indication of the size of the cut, but said the government would also reconsider which occupations should be on the critical skills list.

"We will probably have a formal look at that in the next couple of weeks," Evans said.

Around 190,300 migrants were projected to arrive over 2008/09, with skilled workers accounting for most places in a programme designed when the forecast was for rapid economic growth and a skills crisis.

But projections for growth have been slashed as the global economy slows, and some industries have already started cutting jobs.

Asian immigration has grown rapidly in recent years while the number of new arrivals from traditional source countries such as Britain and Italy has fallen, the latest census showed last month.

"Country-of-birth groups which increased the most between 1996 and 2006 were New Zealand (by around 98,000 people), China (96,000) and India (70,000)," according to the census.

Malaysian exports could drop 3-4pc

AFP, *Kuala Lumpur*

Malaysia's exports could fall as much as 3-4 percent this year as demand from its trading partners evaporates, Trade Minister Muhyiddin Yassin said Monday.

"The impact is now global and Malaysia is no exception," he told a press conference.

"The best could be 0.5 percent (growth), but we fear it might be minus in the range of 3-4 percent," he said of 2009 export forecasts.

"That is also quite conservative and we won't be able to know exactly until the first quarter is completed. Then we will reveal the situation."

Finance Minister Najib Razak said last week that Malaysia would have to cut its 3.5 percent growth forecast for 2009 if the decline in the country's exports hit double digits.

Malaysia's exports have been dropping in recent months, with a 2.6 percent fall in October followed by a 4.9 percent drop in November and a 14.9 percent slide in December.

An influential Malaysian think-tank has already slashed its 2009 economic growth forecast to 1.3 percent.

AFP

A man feeds seagulls at the port area along the Yangon River in Myanmar. Foreign investment in military-ruled Myanmar nearly doubled in the first 10 months of last year, with the bulk coming from Chinese-backed mining projects, official figures released in January showed.

China busts 6,200 commercial bribery cases

AFP, *Beijing*

China busted more than 6,200 cases of commercial bribery involving hundreds of millions of dollars last year, state media reported on Monday.

Authorities cracked down on 6,227 business-related bribery cases totalling 1.65 billion yuan (241 million dollars) in 2008, the Xinhua news agency said, citing the State Administration for Industry and Commerce.

Some 726 cases related to medicine sales while 216 were linked to construction projects, the report said.

Regulators this year will keep a close eye for potential corruption emerging from the roll-out of China's four-trillion-yuan economic stimulus package and rebuilding projects of areas hit by last year's earthquake, Xinhua said.

The 8.0-magnitude earthquake hit China's southwest on May 12 last year, leaving up to 88,000 people dead or missing, and billions of dollars have been spent on reconstruction work.

Xinhua said that authorities also vowed to watch for graft in fields such as land transactions and resources exploitation -- two areas that often trigger disputes or even social unrest in China.

Philly newspaper owner files for Chapter 11

AP, *Philadelphia*

The owner of The Philadelphia Inquirer and Philadelphia Daily News filed for Chapter 11 bankruptcy protection Sunday in an effort to restructure its debt load.

Philadelphia Newspapers Inc, owned by Philadelphia Media Holdings LLC, is the second newspaper company in two days, and fourth in recent months, to seek bankruptcy protection.

"This restructuring is focused solely on our debt, not our operations," chief executive officer Brian P. Tierney said in a statement. "Our operations are sound and profitable."

The filing Sunday indicated the company has between \$100 million and \$500 million in assets and liabilities in the same range. The company said it will continue the normal operations of its newspapers, magazines and online businesses without interruption during the debt-restructuring process. In a story posted on its Web site Sunday, the company says it has a debt load of \$390 million.

ECONOMIC MELTDOWN

Asian govts reverse gear

ASIA NEWS NETWORK

Heads of governments across Asia are scrambling to tackle the rampage of recession. With unemployment rising by the millions, Asian central banks are slashing interest rates in an effort to find ways of survival.

Export-driven economies are now most venerable to the crisis, and governments are in a mad rush to inject stimulus packages into the economies.

Asia News Network continues to focus on how each country combats the recession in its own way.

China

The Chinese government has announced a 4 trillion-yuan (US\$586 billion) fiscal stimulus package to spur domestic demand and boost the slowing economy until 2010.

All provincial and municipal governments have also come up with their own stimulus packages, amounting to no less than 20 trillion yuan.

China's economic growth has been slowing for five consecutive quarters. It dipped to 9 percent in the third quarter of 2008, the first growth rate below double digits in five years.

Zhou Xiaochuan, the central bank governor, said the economy could slow down furtherfrom 9.9 percent in the first three quarters of 2008 to between 8 and 9 percent in 2009.

China reported an unexpectedly sharp 17.5 percent drop in January exports, the steepest decline since records began in 1993.

Due to weak demand for exports, several companies have closed shop in China, rendering millions of workers jobless. The government allocated 100 billion yuan for investment in the fourth quarter of 2008 and 20 billion yuan for reconstruction projects this year. These are expected to trigger an overall investment of up to 400 billion yuan.

China's year-on-year GDP growth weakened to 9 percent for 2008 from 13 percent in 2007.

AFP

Thousands of Chinese of job-seekers gather at a job fair at a university in Wuhan, central China's Hubei province. China has urged cities nationwide to loosen residency requirements to encourage migration by college graduates, in the latest move aimed at fighting growing joblessness.

India

India's economy began 2008 in robust fashion but ended on a note of mixed sentiment with the global meltdown casting an inevitable shadow.

New Delhi has lowered its economic growth target for the current fiscal year (April 2008-March 2009) to 6.8 percent from the previous 7.7 percent.

Exports fell in October for the first time in seven years. Industrial production, which was among the main drivers of the economy, fell 0.4 percent. The rupee fell perilously close to 50 to a dollar in November, an all-time low. And, as per the government's own admission, some 65,000 jobs were lost between August and October.

Two key sectors, agriculture and industry, were affected by the global economic slowdown. This will have a serious effect on India's overall growth, says the National Council of Applied Economics Research, an economic think-tank.

India has unveiled a 300-billion rupee (US\$6 billion) package to bail out the corporate sector.

Thailand

Like much of export-dependent Asia, Thailand is suffering from a collapse in demand from the United States and Europethe top buyers of Asian goodsas they slip deeper into recession.

Thailand's exports fell 15.7 percent in December from a year earlier, after a 17.7 percent drop in November.

Bank of Thailand (BOT) deputy governor Atchana Waiquamdee believes the Kingdom will experience a quarterly contraction but not a recession like other countries.

She also believes this year's economy will even show continued growth, albeit at a very slow pace.

The BOT has revised the economic growth target this year to 0-2 percent, the lowest since 1988, citing the impact of the global credit crisis on exports.

BOT's assistant governor Duangmanee Vongpradhip projected the country could contract for three consecutive quarters, beginning last year's fourth quarter.

"Thai economic growth could be lower than zero percent but there is a very low probability of 5.5 percent," said Duangmanee.

The new Abhisit Vejjajiva government has introduced two series of economic stimulus packages, with 25 measures, aimed to restore confidence, boost income, and improve quality of life and security.

The government's first package with 18 measures has earmarked 116.7 billion baht (US\$3.3 billion) for social welfare and infrastructure. It is providing 2,000 baht for each Thai earning less than 15,000 baht. The seven measures in the second package are aimed at bolstering the property sector, small and medium-sized enterprises, venture capital and debt restructuring.

Malaysia

The Malaysian government has released a 7-billion ringgit (US\$1.9 billion) stimulus package to stimulate the faltering economy.

Deputy Prime Minister Datuk Seri Najib Tun Razak has promised a second stimulus package.

Malaysian Employers Federation Executive Director Shamsuddin Bardan said more than 10,000 Malaysians had lost their jobs since January 1.

He said more were expected to lose their jobs in the days ahead as companies, particularly in the manufacturing sector, struggled to stay afloat.

Shamsuddin said the economic downturn this time was much worse than the one in 1997 because it was more widespread globally.

Malaysia has set an earlier target of a 3.5 percent growth this year but is likely to revise the target downwards due to the continuing uncertain outlook.

Several economists and government officials said the worse-than-expected trade figures and slumping industrial production and export figures indicate the government will have little choice but to hope for growth to be between 1 percent and 2 percent.

In the last three months of 2008, 1.5 million lost their jobs as economic output during October, November and December shrank by 6 percent compared with the same period in 2007.

(Our final report will cover five other Asian countries)

COLUMN

MAMUN RASHID

Toward a middle income country

A World Bank report titled "Bangladesh: Strategy for Sustained Growth" says that Bangladesh could possibly be a Middle Income Country (MIC) by 2016 if GDP growth continues to sustain a rate of 7.5 percent throughout the period.

World Bank has classified its 185 member countries as low-income, middle-income and high-income group on the basis of the 2006 per capita GNI figures. As per the classification, countries which have \$905 or less per capita GNI are low-income countries, from \$906-\$3,595 are lower middle-income, from \$3,596- 11,115 are upper middle-income and \$11,116 or more are high-income.

To become a MIC our prime goal would be to alleviate the poverty level. We have so far made modest progress to reduce poverty in the country. The average income of Bangladesh today is more than 75 percent higher than in 1990. The rate of poverty has also declined from 58 percent in 1992 to below 40 percent recently.

To be a MIC, the per capita income level needs to be improved. The key to improving our country's per capita income level is to generate employment, primarily via growth of the manufacturing sector, thereby supporting wealth generation and ensure an efficient governance to distribute wealth into productive sectors.

To foster economic growth, the industrial sector will have to account for a larger share of GDP. Improving the productivity of the manufacturing sector will require particular attention to: strengthening export competitiveness, improving labour skills, improving FDI attractiveness and finally, ensuring law and order.

To strengthen export competitiveness, we need to diversify the country's export base. In addition to building on our achievements in the RMG sector, food processing, leather, pharmaceutical, ceramics, home textiles and light engineering products, new sectors will need to emerge to take advantage of our competitiveness. The RMG sector is currently facing threats from the economic slowdown in US and EU markets (which account for 83.5 percent of textile exports). Therefore it is vital to improve intra-regional trade to diversify country's export base. BRIC countries (Brazil, Russia, India and China) are still untapped markets for Bangladesh to improve export base. So is Japan.

Improving the investment climate will warrant ensuring the competitive strength of our industry and thereby to attract FDI. This will entail an institutional set-up that is free from corruption and unnecessary regulatory hassles, existence of harmonious labour relations and labour laws that meet global standards, simplified export and import procedures via the use of e-investment services and deepening of the capital market. Development of infrastructure will be of crucial in this context.

In the context of increased trade liberalisation and globalisation, Bangladesh will have to put up its economy with the fullest access to export markets. Securing such access will necessitate internationally competitive export supply capabilities such as reliable infrastructure, adequate supply of power, export financing schemes, appropriate technology acquisitions, skilled human resources and technical expertise, and compliance standards to ensure quality control.

Highest priority should be given to building up a large base of skilled workers to match the growth and structural transformation of our economy and expand the demand for migrant workers in the global economy. Accordingly, budgetary allocation, moreover, execution for education should be increased substantially to address both tertiary education and vocational training needs to meet the emerging demands for knowledge-based workers of an increasingly technology-driven and service-oriented world.

One of the biggest challenges we face is capacity development. Although the power sector has grown over the years, the sector continues to suffer from shortages, with only 35 percent of the population having access to electricity. Transport infrastructure is fundamental to the growth of trade.

Owing to faulty management, we have failed to unleash the immense possibility inherent in our two seaports. The Chittagong port alone handles 85 percent of the country's trade, but is plagued by slow vessel turn-round times, low labour productivity, high number of trade-union counterparts, poor onward connection and several other bottlenecks. The recent corrective actions have brought notable improvements; efficiency of the port has increased by 30 percent, with room for further improvements present.

We must remember that without a solid performance of our agriculture sector, historically, we have not performed well as a whole. So we need to make sure that our agriculture sector continues to improve performance.

Bangladesh faces further challenges in terms of economic erosions. Almost every year floods hit the country. In 2007, after two floods in a row, the country was also hit by the deadly cyclone SIDR. The losses incurred by the SOEs each year contribute further to economic erosions. We should continue to provide subsidies, which protects the vulnerable section of the society. But no subsidy should be provided which creates inefficiency and obstructs the overall wealth creation process.

A rapid transition to the MIC status would not only demand a deeper level of political commitment but also require far more complex policy innovations. Analysts have also pointed out three key transitions for Bangladesh, and recommended that successful management of these three transitions would be the key to achieve the MIC status. These are:

1) Competitive private manufacturing sector along with a productive, diversified, and commercially oriented agriculture sector.

2) Further liberalisation of trade and investment. Deepening of integration with global markets wherein internationally competitive Bangladeshi firms would be plugged into global supply chains.

3) More urbanisation and having a diverse set of dynamic urban centers as viable alternatives to Dhaka.

The challenge for Bangladesh is not just to attain rapid growth, but also to maintain and to the extent possible, accelerate it. Even if we consider real GDP growth of 5 percent per annum, Bangladesh is likely to achieve per capita GNI over \$900 by 2019.

Thus it is very much possible to attain the MIC status within year 2020, or soon after and to achieve so, it is essential to strengthen core governance along with having sound management policies in place.

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The value of owning a superbrand

MOHAMMAD WASFI TAMIM

International superbrands such as Coca-Cola and Microsoft are valued at billions of dollars and this is often reflected in strongly branded public companies' share prices.

Brand assets also constitute a growing percentage of a company's total asset base. Brand Finance, a London-based global brand valuation consultancy, estimates intangible assets constituted 50 percent of total assets in the 1990s and this is set to grow to 70 percent by 2010.

A strong brand benefits its owner in many ways. It impacts positively on the volume and the value of the product or services sold by an organisation.

A research by NFO WorldGroup on behalf of Superbrands Ltd showed that between 40-60 percent of UK consumers would not switch brands at any price. Another study conducted on behalf of Superbrands UK has illustrated that brand loyalty and consumer willingness to pay a premium for a superbrand has remained high throughout the 1998-2003 period.

Strong brands can stabilise demand and help minimise the impact of macro-environmental change. Downturns have a greater impact upon weaker rivals who feel the pinch quicker and recover later.

Brands are essential to corporate performance as they represent a major source of value as evidenced by the continued out-performance of heavily branded organisations versus weak branded rivals. Yet, work still needs to be done to convince investors, banks, boardrooms and finance directors of the benefits of investing in a strong brand, whether it is a company, product or service.

The Superbrands organisation promotes this cause through its publications, website, events, media promotions and related activities.

Superbrands is a global brand recognition programme, a worldwide benchmark acknowledging brands with a strategic focus and commitment to achieving extraordinary results. The Superbrands publication -- part of its marketing tools -- is one of the most prestigious branding publications that are available.

Superbrands has recently announced its launch in Bangladesh, where its programme will be available to a cluster of elite brands which are deemed worthy of this status or award.

The writer is the marketing manager of Bangla Superbrands.