International Business News

China to spend billions in European spree

AFP, *Beijing*

Chinese Commerce Minister Chen Deming was set to fly to Europe Tuesday at the head of a 300-strong team charged with spending billions of dollars on European products, state media said.

The procurement team, which will visit Spain, Germany, Switzerland and Britain, could spend 15 billion yuan (2.2 billion dollars) or "considerably" more, the China Daily reported.

"Chen can take a positive message to the world: China, as a major trading power, has no interest in adopting protectionism," Song Hong, a researcher at the Chinese Academy of Social Sciences think-tank, was quoted as saying.

Xinhua news agency said the delegation would be made up of about 300 officials and business people.

The commerce ministry's spokesman Yao Jian said last week that the delegation would mainly buy technology and equipment.

The China Daily Tuesday cited Yao as saying that the country's demand for European goods was growing as a result of the roll-out of a four-trillion-yuan economic stimulus package that includes huge infrastructure projects.

"Europe has an obvious edge in providing us with the equipment we need," he said, according to the paper.

Eurozone current account drops into deficit: ECB

AFP, *Frankfurt*

The flow of current payments into and out of the eurozone switched sharply to show a deficit last year from a surplus in 2007, figures from the European Central Bank showed on Tuesday.

The current account, the broadest measure of the flow of all current payments including transfers for trade in goods and services, showed a deficit of 63.2 billion euros (80 billion dollars).

This represented about 0.7 percent of total gross domestic product, the ECB said.

In 2007, the eurozone had recorded a surplus of 36.3 billion euros, a statement said.

The balance of payments on current account is a key indicator of the performance of an economy.

The December figure was more positive, showing the deficit narrowing on a monthly basis to 7.3 billion euros from a revised figure for November of 13.9 billion.

According to ECB data, combined direct and porfolio investment recorded net inflows of 128 billion euros in 2008, compared with net inflows of 47 billion euros a year earlier.

That was mainly "a result of lower net purchases of foreign debt instruments by euro area residents," the statement said.

AFP

Traders wearing carnival costumes work on Carnival yesterday at the stock exchange in Frankfurt, Germany. The DAX index of Germany's leading shares opened under the mark of 4,000 points.

Philippines migration up despite economic crisis

AFP, *Manila*

Tens of thousands more people are leaving the Philippines to work abroad despite the global economic downturn which was expected to hit overseas employment, the labour department said Tuesday.

Departures by job-seekers rose 25 percent from a year earlier to 165,000 in January, Philippine Overseas Employment Administration administrator Jennifer Manalili told reporters.

"As of end-January we have deployed 165,000 and that's higher than last year -- and also considering that there is crisis," she added.

She said the data was the opposite of what the government had expected, following the return of several thousand laid off electronics workers mostly from Taiwan last year.

Manalili said the government was evaluating which jobs have disappeared since the economic slowdown gathered pace last year. About 8.5 million Filipinos temporarily work abroad and their remittances have become a major pillar in supporting the economy.

German Ifo confidence index falls to record low

AFP, *Frankfurt*

German business confidence hit an all-time low in February, the closely watched Ifo indicator revealed Tuesday, as leaders in the manufacturing sector reported deeper gloom in Europe's biggest economy.

The Ifo indicator edged down to 82.6 points from 83 points in January, the Munich-based economics research institute said.

Analysts polled by Dow Jones Newswires had expected the indicator to remain essentially unchanged.

The February level came in just below the revised level of 82.7 points in December, the previous all-time low, which had initially been reported as 82.6 points as well.

"The worsening of the business situation that has been going on for months has continued in February," a statement quoted Ifo president Hans-Werner Sinn as saying.

He added however that those companies surveyed "are again less pessimistic regarding the business outlook for the coming six months.

ECONOMIC MELTDOWN

Asians in for a bumpy ride

ASIA NEWS NETWORK

In its final look at Asian economies and their unique methods of combating the recession, Asia News Network brings down the focus to The Philippines, Indonesia, Vietnam, Laos and finally, Bangladesh.

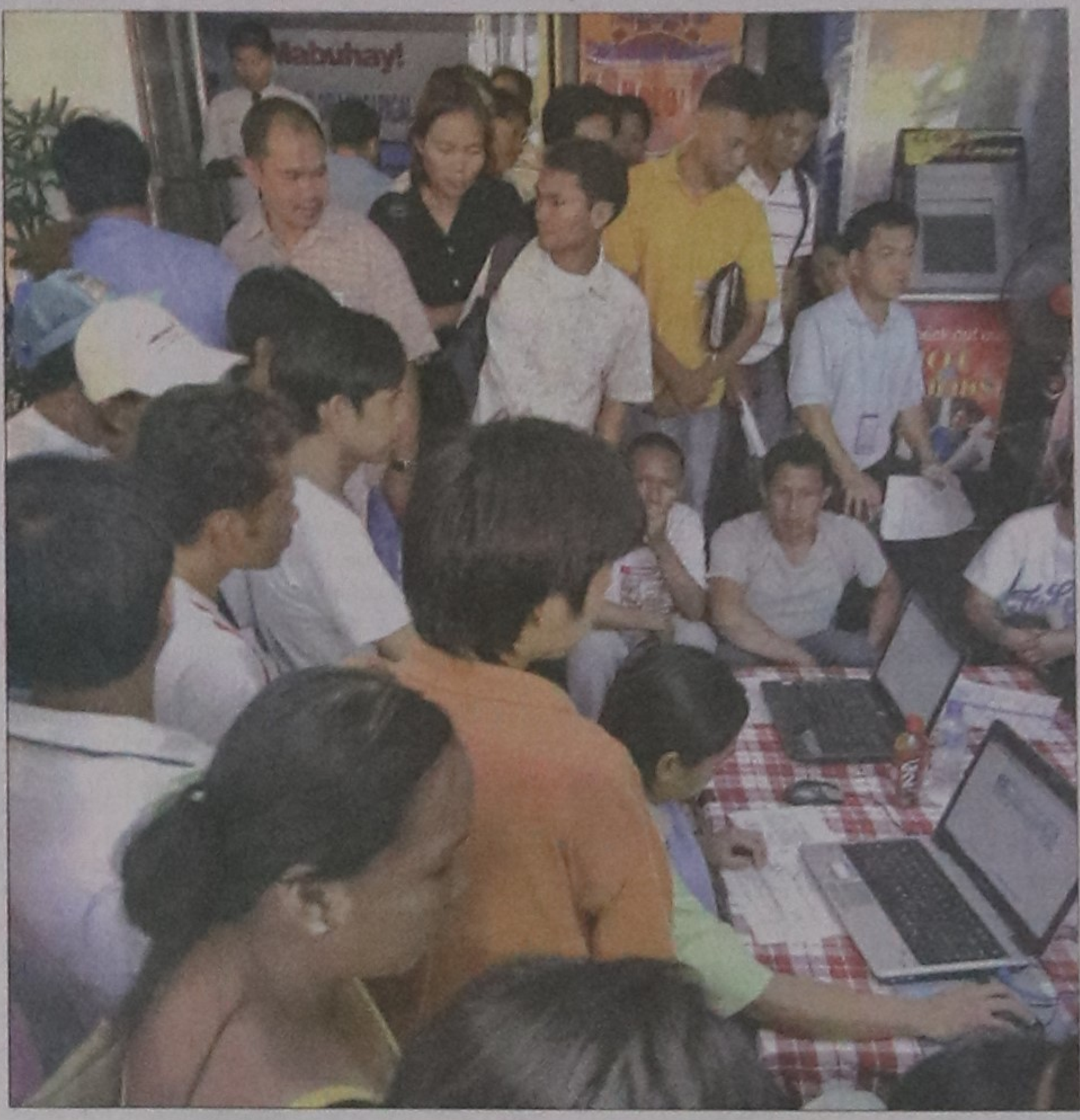
Both the Philippines and Malaysia have lowered projected growth rates and the economies have received stimulus packages form their governments.

Indonesia is in for a roller-coaster ride as the effects of the recession are coupled with the upcoming elections this year.

Vietnam's economy also faces a grim forecast this year as foreign investment and exports and remittances are expected to fall.

Meanwhile, the government of Laos has admitted GDP will be lower than expected, but has not yet revised its targets.

Bangladesh reveals a slightly different scenario as no stimulus packages have been announced as yet. The country shines from basic garment exports and a steady remittance inflow, but falters on the other currency winners.



AFP

Filipino job applicants queue to find a list of job vacancies at a job fair in Manila. At least 39,000 Filipinos have lost their jobs since October as factories and companies lay off workers amid the deepening global financial crisis.

The Philippines

Weighed down by weak conditions in major economies, the Philippine economy grew by 4.6 percent in 2008, down from a 30-year high of 7.2 percent the previous year, but slightly higher than expectations. The government had expected the financial crisis to depress 2008 growth to 4.2-4.5 percent.

In 2009, the government has set a 3.7 to 4.7 percent economic growth target.

But the IMF expects the country's GDP to slow down further to 2.25 percent this year.

It warned that the global economic turmoil can affect the Philippines more severely this year, projecting that weakening demand in foreign markets and job cuts abroad might force foreign exchange remittances and export earnings to dwindle.

Exports plunged 40.4 percent in December, its steepest fall in more than two decades, the government's statistics office said.

Shipments of electronics, the country's main export, dropped 47.6 percent during the period.

Total exports in 2008 fell 2.86 percent from 2007, reflecting the effects of the global financial crisis.

Since the crisis started taking its toll in October, 19,443 workers have lost jobs in the Philippines and 4,042 overseas.

Most of the job cuts were in the electronics sector, which has suffered from plunging global demand.

Labour Secretary Marianito Roque warned that up to 60,000 Filipinos could lose their jobs this year, mainly in the electronics and garments industries.

To pump prime the economy and generate three million jobs by yearend, the Philippine government plans a 330-billion-peso (US$6.9 billion) economic stimulus package.

The government has also set up a 1-billion-peso livelihood fund for overseas Filipino workers who could lose their jobs. The fund could be used to provide loans for returning workers, who want to acquire new skills, undergo retraining or start a business.

Indonesia

Indonesia has set aside a 71.3 trillion rupiah (US$6.31 billion) stimulus fund to boost the economy amid the crisis. The package includes the 27.5 trillion rupiah stimulus previously announced.

The new stimulus revolves around tax savings worth 43 trillion rupiah, waived taxes and import duties for businesses and certain households, worth 13.3 trillion rupiah, as well as subsidies and government spending of 15 trillion rupiah for businesses.

Finance Minister Sri Mulyani Indrawati said the stimulus was aimed at increasing people's purchasing power, the competitiveness and sturdiness of businesses facing the economic downturn, and labour-intensive infrastructure spending.

The incentives include paying the income taxes of employeesnow paid by businesses, subsidising diesel, and increasing infrastructure spending.

Indonesia's economy expanded 6.2 percent in 2008, slowing slightly from 6.3 percent in 2007.

The economy grew 5.2 percent in the fourth quarter of 2008, the slowest in two years.

But the government has warned that 2009, an election year, could be tougher, with growth seen at between 4.5 and 5 percentbelow the 6 percent pace that analysts say is needed to prevent unemployment from rising among Indonesia's 226 million people.

The country is being pummelled by the global economic meltdown; with December exports plunging 20 percent from a year earlier as overseas demand shrinks. The decline overshadowed a 20 percent rise in full-year exports from 2007.

Indonesia's export figures slid by 9.57 percent to US$8.7 billion in December, from US$9.6 billion the previous month.

Vietnam

Vietnam's economy is in for a tough time this year. Foreign investment is expected to slow down while exports and remittances from Vietnamese abroad are also expected to fall.

Forecasts for this year's growth range from as low as 4 percent to the government's more optimistic 6.5 percent.

Export turnover reached nearly US$63 billion in 2008, up 29.5 percent over 2007. However, monthly export turnover slowed to only US$4.2 billion in November and US$4.9 billion in December compared to the usual monthly average of more than US$6.5 billion.

The government has set a 13 percent export growth target for 2009, or total exports of roughly US$72 billion.

The government has already introduced measures to protect the poor and the vulnerable against unemployment and its consequences. The government is also formulating a stimulus package for the finance system.

It will reduce selected import tariffs and allow selected companies to delay paying tax for the first nine months of this year.

It will also refund this year's value-added tax paid for all materials used to make exports. Designed to help exporters, the prime interest rate was reduced five times since October.

Prime Minister Nguyen Tan Dung announced plans for a stimulus package in early December. The package was to include spending of about US$1 billion and tax exemptions.

The package had been increased to almost US$6 billion. It would include spending for infrastructure, housing, schools and hospitals, and tax cuts.

Laos

The Lao economy grew by 7.9 percent in the 2007-08 fiscal year, driven primarily by increased foreign investment and exports of mining commodities.

The government plans to achieve economic growth of 8 percent in the fiscal year 2008-09, but many international financial institutions, including the World Bank and the Asian Development Bank, believe this target is unrealistic due to the global financial crisis.

Economists predict Laos will experience economic growth of 6 to 6.5 percent. The government has admitted GDP will be lower than expected, but has not yet revised its targets.

The global economic slowdown has mainly affected tourism, exports and foreign investment in Laos.

The value of Lao exports reached US$1 billion, 47 percent of which came from exports of semi-processed minerals including gold and copper. Although exports increased, Laos still has a trade deficit of about US$80 million.

Commerce Minister Nam Vinhakhet, said the volume of exports would remain unchanged but their value would drop this fiscal year.

Minister to the Prime Minister's Office and government Secretariat Chief Cheuang Sombounkhan said the government was keeping a close watch on business operations in Laos and would offer assistance to companies that might need to lay off workers.

The government has also urged local banks to offer low interest loans to selected enterprises in an effort to maintain economic growth.

Bangladesh

Bangladesh achieved a real GDP growth rate of 6.2 percent in fiscal year 2008 despite uncertain and challenging circumstances created by natural disasters and other adverse domestic and external developments.

With a resilient trend of the real economy, Bangladesh is likely to achieve a GDP growth rate of around 6.0 percent in fiscal year 2009, according to the central bank.

"The continuing slowdown of global growth, especially growth in advanced economies, may pose a big challenge, if it persists for long, through its impact on exports, workers' remittances, foreign aid and capital inflow channels," the central bank said in its latest quarterly report.

Latest statistics tallied by The Daily Star broadly indicate that global recession has cast shadows over the exports of several items such as shrimps, leather and leather goods, electronics, ceramic tableware, vegetables and other similar products.

Bangladesh formed a task force towards the end of 2008 to deal with the impact of the financial crisis and global recession. But so far it has not announced any stimulus package or other measures as seen in other Asian countries.

The country kept up export growth in ready-made garments as it ships out low-end products, which have relatively high demand on the international market.

The Bangladesh taka has appreciated against many currencies such as the euro and Australian and Canadian dollars, making imports from those countries cheaper.

Remittance receipts in the July-October period of 2008 were up 36.5 percent, compared to the same period a year ago. Most remittance to Bangladesh comes from the Middle East.

LIFESTYLE

Who's minding your food?

AP, *Washington*

So, a guy walks into a restaurant. Who makes sure his food is safe?

It depends on what he eats.

A cheese pizza that arrived at the restaurant frozen? The US Food and Drug Administration is in charge of inspecting it.

A frozen pepperoni pizza? That's the Agriculture Department.

A fresh pizza, made at the restaurant? Both departments would be responsible for the original ingredients, if the pizza has meat on it. What if he eats eggs? It depends whether the eggs are inside the shell, in liquid form or have been processed. Fish? Some fish is inspected by the Commerce Department.

The FDA bears the brunt of food safety oversight, a mission called into question in the wake of a massive recall of peanut products. But at least 15 government agencies have a hand in making sure food is safe under at least 30 different laws, some of which date back to the early 1900s.

It's a convoluted system.

"There is no one person, no individual today who is responsible for food safety," said Rep Rosa DeLauro, D-Conn. "We have an immediate crisis which requires a real restructuring."

DeLauro and Sen. Dick Durbin, D-Ill., have been proposing an overhaul of the nation's food safety structure for more than a decade. There might now be the political will to do something following the outbreak of salmonella traced to peanuts blamed for sickening 600 people and killing at least nine others.

They may be making headway. President Barack Obama's new agriculture secretary, Tom Vilsack, said he supports creating a single, combined food safety agency. It's a major break from his predecessors.

"You can't have two systems and be able to reassure people you've got the job covered," Vilsack said.

Such a radical overhaul would be difficult. Many in the food industry have long opposed any changes, fearing increased oversight could cut into profits. Allies in Congress have resisted new laws.

But resistance appears to be softening, the result of high-profile outbreaks of foodborne illness from domestic and foreign food sources.

Industry is open to change, said Scott Faber, a top lobbyist for the Grocery Manufacturers Association, which represents large food and beverage companies.

"The food industry recognises that we need to give FDA new powers and new resources to address new challenges," Faber said.

Businesses are concerned about reorganising the entire system. The priority should be strengthening the current agencies before rearranging them, he said.

The old system is an overlapping patchwork of inspections. Both the Agriculture Department and the FDA inspect shipments of imported food at 18 US ports of entry. Sometimes, the FDA stores products at Agriculture Department warehouses,

where they wait to be inspected by the FDA because agriculture employees aren't allowed to inspect them.

The two agencies also differ on how frequently they inspect businesses. Meat inspectors visit processing facilities daily in most cases, while FDA inspects much less frequently.

Most manufacturers of prepackaged, open-faced meat sandwiches, for example, are inspected daily by the Agriculture Department. But add a second piece of bread to make it a traditional sandwich and the FDA takes over. That means inspections probably happen once every five years, according to a study by the Government Accountability Office.

The GAO, the investigative arm of Congress, recommended two years ago that Congress re-examine the system. It said 76 million people are sickened by foodborne illness each year and 5,000 die.

But few changes have been made. And despite the salmonella outbreak, even the lawmakers urging changes say a streamlined new agency is unlikely any time soon.

A flurry of food safety bills have been introduced in Congress. Many would strengthen FDA's oversight rather than creating a single lead agency. DeLauro's bill would not combine agencies onto one. It would divide the FDA in two, separating the agency's drug oversight and food safety duties.

"We have a crisis at the moment. Let's try to address that," DeLauro said.