

International Business News

**Britain takes majority stake in Lloyds Banking Group**

AFP, London

The British government said Saturday it will take a majority stake in Lloyds Banking Group (LBG) and guarantee toxic assets, leaving only two major British banks outside the state's control.

The state will increase its ownership of the group from 43 percent to 65 percent and underwrite 260 billion pounds (290 billion euros, 365 billion dollars) worth of its toxic assets.

Under the government's asset protection scheme terms, LBG has to take the first loss "hit" of up to 25 billion pounds on its toxic assets before the government steps in.

As a key part of the deal, LBG has pledged to lend a further 28 billion pounds over the next two years, with the majority going to companies rather than individuals.

The deal was hammered out between bank and Treasury officials in recent days. It leaves just Barclays and HSBC as the only major British high street banks not controlled by the state.

LBG was created in January when Lloyds TSB bought rival lender HBOS, which faced collapse because it was struggling to raise funds due to the credit crunch.

"The first part of the loss, up to 25 billion pounds on the valuation of those assets, will be met by Lloyds. It will, in addition, pay a 16 billion pound fee for participating in the scheme," Treasury minister Stephen Timms told BBC television.

GLOBAL RECESSION

**Bleak days ahead for migrants**



SOHEL PARVEZ

Remittance inflows are feared to face a slowdown in the coming months as migrant workers, battered by global recession, are returning home at an increasing rate.

Last month, 8,022 migrant workers came back home on strict enforcement of immigration rules and layoffs or long vacation by the employers in the Gulf region, mainly United Arab Emirates and Saudi Arabia.

The number of returnees in February is almost double the January figure of 4,817, according to Bureau of Manpower, Employment and Training (BMET) data.

But the outflow of migrant workers fell 13 percent to 43,856 in February from 50,632 in January.

"Our performance is better than that of the workers from other countries. But we are losing jobs as there are no Bangladeshis in the mid- or top-level positions in a company," Kazem Ali, a retrenched worker from a construction firm in Dubai, told The Daily Star at Zia International Airport recently.

Bangladeshi migrant workers, whose remittances accounted for 10 percent of last fiscal year's GDP, started to encounter retrenchment as the global recession and oil price drop bite the businesses of oil-rich Gulf that employs the majority of the country's over 55 lakh workers abroad.

The fall in oil prices has also led to a contraction of demand for new labour in the Gulf region as its once-buoyant real estate market enters a steep downturn.

Mainly for the construction industry, the region hired nearly half of the 17.7 lakh Bangladeshi workers who migrated in the last two years.

Now the recruitment is waning as companies, mainly of UAE, are halting projects amid credit crunch.

In the first two months of 2009, new recruitment from the UAE slipped by 15 percent to around 51,000 from more than 60,000 in the same months a year ago.

Recruitment in Saudi Arabia, which employs the highest number of Bangladeshi workers at about 20 lakh, also dipped in the recent months.

Malaysia, another major Bangladeshi worker employing country that now suffers from downturn in exports, is showing the similar trend.

"It's a very unpredictable year. Outflow of workers is declining slowly amid contraction of demand for new labour due to recession," said a senior official of BMET, requesting anonymity.

"The fear is, some workers are coming back on retrenchment," he said.

Bangladesh, one of the top 10 remittance earners, is not the only victim of global recession that already ate up the jobs of millions of migrant workers worldwide.

International Labour Organisation in January said the financial crisis might cause a loss of as much as 50 million jobs worldwide in 2009.

International Organisation for Migration (IOM) has also feared that migrant workers

in the construction, manufacturing, finance, services, retail and tourism sectors might fall prey to job losses.

The IOM also rang alarm of a possible reduction in wages and return of migrant workers from the host countries.

"Workers from Saudi Arabia, Dubai and Malaysia are coming back at a higher rate. A section of them have been retrenched for recession," Ghulam Mustafa, president of Bangladesh Association of International Recruiting Agencies (Baira), told The Daily Star recently.

Baira feared that outflow of migrant workers might plummet by nearly half in 2009 to below 5 lakh from the record high of 8.75 lakh in 2008 as the demand for workers is waning on financial meltdown.

"Whether workers return or not, there will of course be a much less new intake going forward," said Mamun Rashid, an economic analyst and banker.

Zahid Hussain, senior economist of World Bank Bangladesh, feared that a fall in oil prices might hurt remittance inflows in the coming days.

Inflows of remittance, which is now the second biggest forex earning source after exports, has grown on an average 17 percent rate since 2001. It surged by 32.39 percent to about \$8 billion in FY 2008.

In the July-January period of fiscal 2009, remittance grew by 29.36 percent to \$5.3 billion from \$4.15 billion in the same period a year ago. In January, remittance inflow hit a record high, but it fell by around 9 percent to \$784.47 million in February, according to Bangladesh Bank data.

"The recent surge in remittance may be the lull before the storm if it reflects the remittance of savings by returnee workers," said the WB economist.

The WB earlier predicted that remittance flow to developing countries might slow down in 2009. The multilateral donor agency said remittance flow to South Asia might slip by as much as 5.5 percent in 2009.

"So far so good, there is no scope for complacency," said Zahid.

GOVERNMENT STEPS

In a bid to halt layoff and boost outflow of workers, the government had earlier convened a meeting with diplomats from host countries and asked them to take initiative to absorb workers in other companies in case of layoffs.

"We have urged the governments of host countries not to send workers back. We have requested them to absorb these workers in other companies in case they are laid off from one," said Minister for Expatriates' Welfare and Overseas Employment Khandker Musharraf Hossain.

Following the meeting, missions abroad have also taken steps, he claimed.

"We have also moved to explore new markets like Libya and Rumania," the minister said, referring to signing an understanding agreement with Libya to send workers.

Officials said the government has also planned high-profile visits abroad to retain the existing markets, explore new ones and protect the rights of expatriate Bangladeshis.

For the last couple of years, the traditional and biggest employer of Bangladeshi workers, Saudi Arabia, has stopped recruiting new workers, while Kuwait stopped it in 2006.



A Bangladeshi migrant worker returns home after losing his job in the Middle East, a region no longer safe from the global financial crisis.

"We are also planning to set up an Expatriate Welfare Bank to help migrant workers get easy term loans," the minister said.

ANALYSTS' VIEWS

Tasneem Siddiqui, a researcher of Refugee and Migratory Movements Research Unit (RMMRU), however, said the steps taken by the government are inadequate.

"The government has just made embassies aware of its concerns. But it has not developed any system to help workers get compensation," she said. "The government should form a taskforce involving Bangladeshi representatives in the employing countries."

Tasneem, referring to the Philippines, said its government has developed a database for workers who suffered layoff. In case of new recruitment offers, it is sending the battered workers instead of new ones, she said.

"The country is also realising compensation for jobless workers from the companies through government-to-government negotiation," she said.

The RMMRU researcher also suggested a credit scheme from the Wage Earners Welfare Fund to rehabilitate the returnee workers. "A credit scheme can be offered from the fund and credit may be disbursed

through local level NGOs," she said.

Rabab Fatima, regional representative of IOM, Dhaka, said the government should plan social and economic safety net measures considering the likely impacts this year.

She also suggested a taskforce and budgetary measures to cushion negative impacts of recession on migrant workers.

"In case workers are laid off and have to return home, the government should have adequate plans for their repatriation and reintegration into local job market and economy. Microcredit could be provided to such returnee migrant workers," she said.

World Bank Economist Zahid Hussain said many economies would absorb workers even in the days of recession.

"Bangladesh missions there should act proactively. There are labour substitution processes in many markets where employers are looking for low-cost labour instead of high cost ones. We should act to exploit the opportunities," he said.

He also suggested improvements in support services of Bureau of Manpower, Employment and Training by disseminating information on new jobs and facilitating application procedure.

sohel@thedailystar.net

**Obama vows end to irresponsible budgets**

AFP, Washington

US President Barack Obama vowed Saturday that irresponsible budgets were a thing of the past as he promised bold action to help the United States emerge from the current economic crisis stronger than before.

In his weekly radio address, Obama said his administration had inherited a 1.3-trillion-dollar budget deficit -- and a budgeting process that he called "irresponsible as it is unsustainable."

He argued that for years Washington as well as Wall Street had used accounting tricks to conceal real costs of programs.

"These kinds of irresponsible budgets -- and inexcusable practices -- are now in the past," the president said. "For the first time in many years, my administration has produced a budget that represents an honest reckoning of where we are and where we need to go."

Last month, the Obama administration rolled out an audacious 3.55-trillion-dollar budget proposal that bristles with economic reforms and spending on healthcare, climate change and education.

The plan includes more than 600 billion dollars over 10 years for a "down payment" on healthcare reform and a similar annual sum for defense.



Crowds wait to apply for jobs outside the New York Department of Labour in the Bronx in New York on Friday. The US economy haemorrhaged 651,000 jobs in February as the unemployment rate surged to a 25-year high of 8.1 percent.

**Financial crisis hits Ireland's St Patrick's Day exodus**

AFP, Dublin

The controversial annual exodus of Ireland's leaders heading off around the world for St Patrick's Day will be sharply cut back this year because of the financial crisis, the government said on Friday.

In the boom years of the Celtic Tiger economy virtually all the Emerald Isle's government jetted off for the March 17 holiday but now recession-hit Ireland is curtailing the promotional trips to visit the diaspora.

The number of ministers travelling abroad this year has been halved and all government departments have been told to ensure that costs are kept to a minimum.

There has been criticism that visits to the country's ubiquitous expatriates -- every city on earth seems to have at least one Irish pub -- are junkets and Prime Minister Brian Cowen has acknowledged concerns about the cost.

"I know that some people question the value of these trips, particularly during this severe economic downturn, but St Patrick's Day gives Ireland a global platform that is the envy of practically every country in the world," he said.

**India seeks global symbol for rupee**

AFP, New Delhi

India announced Friday a contest to design a global symbol for the rupee so that the currency can join the likes of the US dollar and the yen which already have their own identifiable symbols.

The new symbol will be the "identity of the Indian currency," a finance ministry statement said.

"Major world currencies like the US dollar, pound, yen and euro have an identification symbol. The government of India is also proposing to have a symbol for the rupee," finance ministry official B.S. Rawat told AFP.

"The symbol for the Indian rupee is to be selected through a public competition" that closes on April 15, Rawat said.

The currency is at present denoted simply by "Rs" or "INR" which is short for Indian rupee.

But Rawat said these were not "symbols" but "abbreviations" for the word rupee and hence the contest that is open to artists who are "resident Indians."

COLUMN

**Woman's face of economic meltdown**

The current economic crisis is unravelling before us faster than even the most pessimistic of experts predicted just a few months ago.

The effects are already trickling down to ordinary working people. In Asia Pacific, the International Labour Organisation has projected that as many as 27 million more people could become unemployed this year, 140 million others in the region's developing economies could be forced into extreme poverty.

The numbers are staggering and without a doubt, everyone will be touched by this crisis. Yet what is so far lacking from many of the debates on how countries should respond is a realisation that this crisis has a gender bias. Here in Asia, working women will be affected more severely, and differently, from their male counterparts.

For policymakers, failure to take into account this gender dimension, especially at the lower end of the socio-economic scale, could be a critical miscalculation, worsening the working and living conditions of millions, deepening economic and social inequalities, and wiping out a generation of hard-won gains in pay equity and workplace equality.

Why are women affected differently? One reason is that women workers are concentrated in labour-intensive export industries that feed into global supply chains. In contrast, male workers tend to be distributed across a wider range of economic sectors. Women are also concentrated in the lower levels of these global supply chains, in casual, temporary, sub contracted and informal employment, where work is insecure, wages low, working conditions poor, and workers least likely to be protected by conventional social insurance systems. It follows that shrinking global demand for clothes, textiles and electronics (as well as for related business services like hotels and restaurants) means that women will be the first to lose their jobs.



Indian women labourers Sunita, 28, (L) and Ramwati, 45, carry bricks on a construction site in Amritsar yesterday on the eve of International Women's Day. International Women's Day provides an opportunity for communities to recognise and celebrate local women's achievements.

Asia's experience during the 1997 economic crisis provides evidence to back this projection. In Thailand, 95 percent of those laid off from the garment sector were women. In the toys sector it was 88 percent. In Korea, 86 percent of those who lost their financial services and banking jobs were female.

The consequence of losing a job also

affects women differently, and more severely. Research shows that the poorer the family the more important the women's earnings are to the family's subsistence, children's health and education.

And because women workers in Thailand, the Philippines and Vietnam -- among other countries -- are concentrated in lower-paid jobs they tend to save less; so a small pay cut or price rise can severely damage them and their dependents.

The region's experience in 1997 supports this concern: a survey in the Philippines found that when a male worker lost his job 65 percent of households reported a fall in income, but when a woman worker was retrenched 94 percent of households had less money. More households of retrenched women workers cut back on their meals than those where men had lost work.

Since the 1990s, the governments of many Asian countries have strengthened their social protection schemes. This is a welcome move since a social floor is a vital tool in fighting poverty (and designing a social floor that meets women's needs is one of the themes of the current ILO Global Gender Campaign). However, in many countries women do not get equal access to social protection.

In some cases this is because of the non-standard, low-wage and informal economy jobs they have, which are less likely to come with such social benefits. In others, it is because policymakers assume women can rely on men, or because benefits are directly linked to keeping your job.

Of course, this is not a simple black and white issue. In some areas or sectors men will bear the brunt. For instance, demand for female workers could rise as casuals replace regular workers. Among migrant workers in developed economies, better-educated, skilled, women who work as nurses, doctors or in other specialist healthcare jobs, or as domestic workers, are

less likely to be laid off than their male migrant worker counterparts, who are mostly in construction, manufacturing and agriculture.

It is critical that when governments, employers and workers organisations sit down to discuss policies to combat the social and economic effects of the crisis, they do so from the perspective of women as well as men.

Not only should efforts be made to ensure that these jobs are open to women, but the concept of what are public works should be expanded, to incorporate social services, health care, education, child and youth development.

Recruitment strategies must be created to reach women. Childcare facilities must be included. Special initiatives targeting unemployed women are needed. Economic and fiscal stimulus packages must include support for micro finance -- which has been extremely effective in helping women start small business.

Finally, special attention is needed to ensure that women's own views and opinions are heard. In 1997 women were not properly included in the social dialogue because -- even in businesses that employed mostly women -- the leadership of workers' and employers' organisations was dominated by men.

If crisis response packages are to be effective they must take these gender differences into account. This week brings International Women's Day a regular and natural opportunity to focus on the situation of women in this region. We should mark the day with a commitment not to repeat the mistakes of 1997, by ensuring that crisis response measures reach all those who need help -- equally.

The writer is a senior technical adviser in the policy integration and statistics department of the International Labour Organisation.