

International Business News

Singapore may take six years to recover: Lee Kuan Yew

AFP, Singapore
Singapore's recession-hit economy may take up to six years to recover in a worse-case scenario, influential founding father Lee Kuan Yew said.

"The optimistic scenario is, two to three years, we're out of this," Lee told an audience at a local university late Friday.

"At the worst, four, five, six years... Because we are export-dependent," he said, adding the country's "imports and exports are the highest in the world as a percentage of GDP."

Singapore is forecast to slip into its worst recession this year with the economy likely to shrink by up to 5.0 percent. The city-state's worst recession since independence in 1965 was in 2001 when the economy contracted 2.4 percent.

The city-state was the first Asian country to slip into a recession when figures released in October last year showed the economy contracted for two straight quarters in the period to September.

Lee, an adviser in his son Prime Minister Lee Hsien Loong's cabinet with the title minister mentor, said earlier this month the economy may contract by as much as 10 percent this year if exports continue to fall sharply.

The latest trade figures released last week showed Singapore's key exports plunged 24 percent in February from a year ago as shipments to its key markets including the US continued to decline.

AIG bonus outrage has employees living in fear

AP, Fairfield, Connecticut
Pillars of the community are now pariahs fearing for their safety in a ritzy area of Connecticut home to many executives at American International Group Inc., hit with a backlash over bonuses it paid to top brass even as it accepted federal bailout money.

The payouts to executives appear to have helped put a face on the economic struggles the country faces, and the anger targeting AIG is palpable. Death threats have been pouring in since the brouhaha broke, the company said, and its workers are taking no chances.

"It's scary," one executive said, speaking on condition of anonymity because he feared retribution. "People are very, very nervous for their security."

The financial products division is in Wilton in Fairfield County, and many of the company's leaders live in large homes on the "Gold Coast," an area known more for golf courses and sweeping views of Long Island Sound than for the police cars that now regularly patrol the well-kept streets.

Corporate officials advised employees in a memo posted on Gawker.com to avoid wearing the company logo, in an effort to keep from drawing attention. Workers were also urged to travel in pairs at night and park in well-lit areas.



AFP
A pedestrian walks past a billboard showing Chinese yuan (top C), Hong Kong dollar (R) and US dollar currency signs displayed in front of a building in Hong Kong yesterday. China announced in December that it intends to allow the yuan to be used as a settlement currency in transactions with Hong Kong and later with the 10 countries of the Association of Southeast Asian Nations.

Third bidder joins race for India's troubled Satyam

AFP, New Delhi
The board of India's Satyam Computer Services met Saturday to review a list of bidders for the fraud-hit outsourcing as a third company announced it had joined the race.

Potential bidders had until late Friday to show they had at least 15 billion rupees (300 million dollars) to back up their interest in the software services export giant whose finances were left in shambles by its founder.

Indian engineering giant Larsen & Toubro said it had shown proof of sufficient resources to pursue its bid after tycoon B.K. Modi's Spice Group and telecom software firm Tech Mahindra Ltd (TML) made similar statements.

Larsen & Toubro has already built up a 12 percent stake in Satyam and is seen as a front-runner for a 51 percent stake.

Satyam is battling to pay wages since founder B. Ramalinga Raju declared in January he inflated the balance sheet by more than a billion dollars and exaggerated profits.

2 corporate credit unions taken over by US govt

AP, Washington
Federal regulators on Friday seized control of two large institutions that provide wholesale financing for U.S. credit unions, a move they say was needed to stabilize the credit union system.

The National Credit Union Administration said it has taken over and put into conservatorship the two corporate credit unions, U.S. Central Federal Credit Union, based in Lenexa, Kan., and Western Corporate Federal Credit Union, in San Dimas, Calif. U.S. Central has about \$34 billion in assets while Western Corporate, known as WesCorp, has an estimated \$23 billion in assets.

A conservatorship enables the government to operate a financial institution. Corporate credit unions provide financing and investment services to the much larger population of retail credit unions. Some of the 28 corporate credit unions in the U.S. have sustained steep losses on paper from the depressed value of the mortgage-linked securities they hold.

RECESSION

The rich are feeling the bite

AFP, Beverly Hills, California
An original Kandinsky, an Andy Warhol, a grand piano and Rolex watches by the dozen: as the economic crisis bites even the filthy rich are hocking prized possessions to pay the bills.

"This business in the past eight months is booming," said Yossi Dina, the president of The Dina Collection, who describes himself as the pawnbroker to the stars.

"I'm very special because I don't give small loans. I give big loans, people call me for half a million, two hundred, big loans. I've invested and I give the money out," he said.

Across the wealthy Beverly Hills enclave, dotted with the luxurious mansions of the nation's rich and famous, pawnshop owners say they haven't had it so good for decades.

"We are living a big time, the business people, the big people -- they need money for short time, they're business people, but short of cash," said Dina, a former commando in the Israeli army who arrived in the US in the late 1970s.

"Recently I got a Kandinsky, an original Andy Warhol, a lot of California art, even a piece for one million dollars," he said, standing by a display case stuffed with 15 Rolex watches and a Patek Philippe watch priced at 160,000 dollars.

Peter B., manager of The Collateral Lender, who asked not to give his full name, agreed he was cashing in as everyone seeks to liberate much-needed funds.

"We get everybody right now, doctors, professionals that can't pay their car bills, health care bills or their mortgages and that is a big difference with the past years," he told AFP.

"Some of them came here to get money to pay their credit cards. To me this is something new, bad and I have 20 years in this business."

The most valuable items are not kept on display, but hidden away from prying eyes in the hope the owners will eventually come to redeem them.

Growing numbers of people are turning to the pawnshops as banks cut off funds amid the credit squeeze, and they rely on businesses in this upscale neighbourhood to remain discreet.

Hearing that a journalist was interviewing the owner of one



Yossi Dina, "the pawnbroker to the stars" poses in his pawnshop in Beverly Hills, California. Growing numbers of people are turning to the pawnshops as banks cut off funds amid the credit squeeze.

store, some women hiding behind their designer sunglasses decided not to get out of their luxury cars, but to come back another day.

Under California law, pawnshops can hold onto the goods for four months and 10 days, after which the owners must redeem them by repaying the loan, or can arrange for the goods to be held for another four months at a monthly average 4.0 percent interest rate.

"We say that the ideal client is one who hocks a diamond ring, redeems it by paying back the loan

amount and interest, and then hocks it again," said Peter B.

"We want them to get their valuables back, but yes, I can say that right now we have lots of goods."

In his store, a concert piano valued at 400,000 dollars is tucked between two Harley Davidson motorbikes.

Someone even tried to hand over an Oscar to Dina, but he had to refuse as the Academy of Motion Picture Arts and Sciences has strict rules on selling the

famous statuettes. He did take the same person's Golden Globe trophy though.

The National Pawnbrokers' Association has urged members to be attuned to the economic crisis.

"In today's diverse society, many people depend on pawnbrokers to help them meet those daily financial needs not met by other financial institutions," it said in a recent statement.

"Our customers represent the working families of America who have an unexpected need for

short-term cash. Pawn loans keep the electricity on, the rent paid, and cars working and full of gasoline."

Beverly Hills has long been the symbol of fabulous wealth, but it no longer is insulated from the country's economic woes.

California's unemployment rate stands at 10.1 percent, higher than the national average of 8.1 percent, and with mortgage costs rising many may now have no option but to hand over that Kandinsky or Rolex to pay the rent.

COLUMN

SARWAR AHMED

A business leader

He turned around a five-year loss-making business in a year and the business is growing ever since. Meet Dilip Gokhale. In his early 60s Dilip is moving in to Syngenta Foundation to support its activities in APAC, Asia Pacific Countries, one of the four Syngenta regions. I was so fortunate to have met up with him after several years -- the last was when he was head of APAC for Syngenta Seeds.

The turnaround? APAC Seeds had been bleeding red for several years. Syngenta management sent Dilip to APAC to turn around the business or else close it down. Shifting the Seeds region office from Malaysia to Thailand, Dilip cut down the region staff from 26 to 4, sending people back to the countries, where the real business was. Then a quick whirlwind tour of each of the countries, with two questions, what are your problems, what do you need to solve the problems? Quick decisions, quick actions and the business was back in the black within the year.

Having graduated with a gold medal in economics, Dilip went on to complete an MBA equivalent degree from the Indian Institute of Management, Ahmedabad. After a stint in sales and marketing, he and his family set up a manufacturing plant for pesticides in Hyderabad, India. That is how he got to do toll manufacturing for Sandoz products and how Sandoz got to know him in the late 1970s.

A call for a meeting with the Sandoz Managing Director, Dr JN Banerjee, in Mumbai soon thereafter got him to recalculate his tolling fees. With all the calculations tucked in his briefcase, he was ushered into the imposing room of the managing director. As he placed his calculations on the table, Mr Banerjee brushed the papers aside and said, "I want you



Dilip Gokhale inaugurates a school at Birganj in Dinajpur.

to join us." A discussion with the family led to a 'yes' and thus started his career in Sandoz in June 1980 as head of marketing for agro-chemicals.

Sandoz wanted to begin their seed business in India. The management asked Dilip and a colleague to prepare a business plan, separately. One of them would get to head the business based on their plans. His colleague presented his case first to the Executive Committee, the usual five years' strategy, a full-blown organisation, breaking even in the third year. A round of applause. Then it was Dilip's turn. He stood up, took out his slide and placed it

on the overhead projector, and read, "To start a business, all you need is to START." And then he told the EC: I want start as a one-man operation, keep overheads low and help grow the organisation as the business grows. I want to be profitable from year one. Strategy slides will not bring you business. You need to dirty your hands and feet to understand and grow the business.

That was it. A minute of unbelievable, stunned silence as the EC digested his 'business plan'. He got the job.

His first sales in 1987 were of sorghum and pearl millet seeds. Then in 1988 he identified a

tomato variety which Sandoz Netherlands and US had stopped selling for years. A colleague in the US sent Dilip a couple of sachets of parent seeds, which were lying forgotten in his desk drawer. Dilip got hold of those sachets, grew the seeds, multiplied and sold those. His processing unit was his dining table. The tomato seeds brought windfall profits to Sandoz Seeds in India. The business has never looked back ever since as Dilip built the Sandoz, then Novartis and now Syngenta Seeds business in India and later in APAC, leaving a consistent track record of growth and profit.

As we drove to Birganj,

Dinajpur to review Syngenta Foundation's work with the Santals, it was a delight to absorb the nuggets of wisdom as he told us about his life and career. With three sons who are all established, he says of life is to enjoy it the best way you can. You could sense his affection for his wife, Shubada, who has been a solid pillar in his life.

There are five things you need to consider when you work, he says. You work for yourself first, you need to enjoy what you do. Then of course your earnings have to support your family. Beyond that, your work should be meaningful and contribute to your organisation. Then the work should impact your nation, and finally it should touch humanity at large. His career so far, he says, has blessed him with all these five pillars.

During our visit, we were distressed with the woes of farmers we met. Rice price has come down to a point where there is no incentive to increase production. I explained to Dilip that our current government, which leans on a socialistic platform, has mandated to bring down the price of rice and this is the effect at the farmers' level. He quipped, at age of 20, you are a socialist because you have a heart; at age of 40, if you are still a socialist, you lack a brain.

As we discussed our families and he got to know of the large one that I have including the latest year and half old, he recalled a bumper sticker he had seen in the US: Don't come too close. All people are caused by accident. As we laughed, I could not but feel overwhelmed by Dilip's simplicity, humour, wisdom and contribution towards making a business great.

The writer is the managing director of Syngenta Bangladesh Ltd.