

International Business News

Sony Ericsson issues profit warning after 2008 losses

AFP, Stockholm

Mobile phone maker Sony Ericsson on Friday issued a profit warning for its first-quarter results, saying sales and earnings were being hit by the slump in global demand in the economic crisis.

Sony Ericsson said that "net sales and net income before taxes in the first quarter of 2009 continue to be negatively affected by weak consumer demand as well as de-stocking in the retail and distribution channels."

The company is due to announce its first-quarter results on April 17.

Sony Ericsson reported a net loss of 73 million euros (100 million dollars) in 2008, with the fourth quarter alone showing losses of 187 million euros and a drop in sales of 22 percent.

The company has announced massive cost-cutting measures.

Sony Ericsson also said it "plans to ship approximately 14 million phones during the first quarter of 2009 with an estimated average selling price of 120 euros," compared to the 22.3 million phones sold at an average price of 121 euros in the first quarter last year.

Sony Ericsson also warned that its first quarter "gross margin is expected to decline both year-on-year and sequentially."

Thai unemployment to hit one million this year: PM

AFP, Bangkok

Thailand's Prime Minister Abhisit Vejjajiva warned Sunday that the number of jobless could nearly double to one million people this year because of global and local financial turmoil.

Thailand's export-driven economy has been hard-hit by the global financial meltdown, with gross domestic product (GDP) growth expected at minus 1.0 and zero percent this year.

Abhisit's government has launched a number of stimulus measures and agreed to borrow money from overseas donors, but Thailand is still expecting a GDP drop of at least four percent in the first quarter of 2009.

"We will borrow money to stimulate the economy. If we do nothing, more people will be jobless which will impact the economy more seriously," Abhisit said at the launch of a career fair near Bangkok.

Asked how many people could be unemployed this year, the premier replied: "It is estimated at one million, at least."

The Bank of Thailand has previously forecast that 1.07 million people -- or 2.8 percent of the total workforce -- would lose their jobs if the Thai economy registered zero growth this year.



A Chinese farmer pollinates the apricot blossom for manual fertilisation in Xian, north China's Shanxi province on Saturday. China's rural reform plan, which is partly aimed at fighting the global economic downturn, also calls for the improvement of a fledgling rural medical health insurance scheme and the expansion of credit to impoverished farmers.

G20 summit will not halt downturn: British minister

AFP, London

British Foreign Office Minister Lord Mark Malloch Brown on Sunday played down hopes for next month's G20 London summit on the credit crunch, saying the downturn "is not going to stop on April 2".

Malloch Brown added that the summit "may not be the moment" when countries announce a fresh stimulus package.

In the run-up to the meeting of world leaders, there have been disagreements between the United States, which wants such a move, and European countries like France and Germany, which are opposed to it.

"We are in the midst of a dramatic destruction of global wealth which is not going to stop on April 2," Malloch Brown told BBC television. "The downward momentum is going to take us way beyond that."

He was also asked whether there would be an announcement on an additional, coordinated financial boost at the summit.

"A lot has been done, a lot is underway, April 2 may not be the moment where countries think it's right to add more to the global (amount)," he said.

'Virtually impossible' for Australian economy to grow

AFP, Melbourne

Prime Minister Kevin Rudd said Sunday it was "virtually impossible" for Australia's economy to grow in the current climate, all but conceding a recession is looming.

The economy shrank for the first time since 2001 in the final quarter of last year and a similar outcome in the first three months of 2009 would put Australia in recession -- defined as two straight quarters of negative growth.

Rudd said he did not see how Australia's economy could grow amid a global recession that "is getting worse before it gets better".

"It's clear that the impact of a worsening economic global recession will make it virtually impossible for Australia to sustain a positive economic growth for the period ahead," Rudd told Channel Nine television.

Australia enjoyed eight years of strong growth, largely due to a China-driven resource boom, but demand for Australian commodities has collapsed as waning demand means exporting countries need less raw materials.

HOUSING

Tent city for America's homeless

AFP, Sacramento, California

A year ago, home for Renee Hadley was a comfortable apartment in the trendy West coast city of Seattle, Washington.

But when domestic upheaval and the US economic crisis upended her life, she found herself living in a trash-strewn tent city in California, without electricity, running water or sanitation.

"I am homeless now, but I am not homeless," the tattooed 38-year-old proudly proclaimed, rolling a cigarette as her dog and three cats dozed nearby at the rag-tag encampment in the heart of America's largest and richest state.

The tent city is similar to settlements springing up on the American landscape during this brutal recession, as unemployment rates climb and home foreclosures soar.

California has traditionally had a higher percentage of homeless than other states, in part because of the state's high housing prices, but also due to its temperate weather and the itinerant nature of its employment market.

The state has been hit especially hard during the economic crisis, with the number of jobless standing at more than 10 percent and one of the highest foreclosure rates in the nation.

The raggedy tent settlement in Sacramento, California's state capital, snakes along the banks of the American River, a tributary of the Sacramento River. Mounds of discarded clothes and food cartons fill fields near the compound and a Rossignol ski lies near a dirty children's doll.

Hadley said she ended up here after fleeing an abusive relationship, and now blames herself for her unenviable plight.

"I should have been off this river but I'm not, due to bad decisions in my life," she said.

The encampment of 120 squatters here in the Golden State is not far from the spot where famed US photographer Dorothea Lange captured her arresting black-and-



Karen Hersh, an out of work truck driver, cleans her tent at a homeless tent city in Sacramento, California. The tent city is similar to settlements springing up on the US landscape during the recession as unemployment rates climb and home foreclosures soar.

white images documenting homelessness some 70 years ago.

Decades ago, Sacramento's tent city consisted mostly of Tennessee miners and Oklahoma farmers and their families forced out West by the Great Depression and the Dust Bowl of the 1930s, when soil erosion and drought rendered the farms of the US heartland barren.

Today's tent city dwellers however, are the chronically homeless, for the most part. There are no families in Sacramento's tent city, and no young children. Some people are looking for work, but most rely on government assistance or charity.

Some are alcoholics, drug addicts or mentally ill, but many are working poor, from the ranks of those falling victim to unemployment and home foreclosure in recent months.

Hadley says donations of food, propane and clothing from local groups and residents has not improved living conditions much.

"They keep putting band-aids on everything. Why don't they give us jobs or low-income housing?" she asks.

"Ninety percent of us out here don't want to be here, it's getting really ugly out here."

Sacramento officials say they

are looking for long-term solutions to the tent city, which they hope to find a way to disband.

"It's not safe out there, it's certainly an unhealthy environment, so we need to do something about it immediately," said Assistant City Manager Cassandra Jennings.

Jennings said the city is looking at long-term solutions, perhaps even setting up another tent city with running water and proper sanitation. For now, though, she says the tent residents simply need to be moved.

"We need to find a better place for them to be," she said.

Amid all the publicity, city officials last week decided to close the camp within the next four weeks and relocate the tent dwellers into shelters and other indoor structures.

Meanwhile, social welfare workers say affordable housing is the real answer to the city's tent city problem.

Sister Libby Fernandez, from the nearby faith-based charity Loaves & Fishes that serves a free hot lunch to 650 people each day, said there are more than 2,500 homeless people in Sacramento, only about half of whom can be housed at shelters.

LIFESTYLE

Can't decide which handbag to buy? Rent it first

AFP, Singapore

A Louis Vuitton bag, diamond-inlaid guitar, Gucci shades and a dog. Total cost? Less than 1,000 Singapore dollars (654 US). The catch is, you're only renting.

As consumers scrimp to survive the worst global economic crisis since the Great Depression of the 1930s, Singaporeans are increasingly turning to Internet-based rental outlets to at least maintain their sense of style, business operators say.

"Just like how local coffee shops can expect better business than restaurants in times of economic turmoil, I believe a guitar rental service would be much appreciated in these times," said Elaine Khoo, owner of Rent-A-Guitar.

Her online company offers electric and classical guitars of various makes as well as amplifiers and guitar accessories for just one dollar per item a day -- with a deposit, of course.

Although not yet able to provide figures, Khoo said she has been "pleasantly surprised" by the response to her service, and said the economic crisis partly inspired her to set up her business in February.

"I see the economic gloom as an opportunity for me to promote a service in which customers pay a smaller amount to rent the guitar rather than buy," Khoo said.

Another rental company that says it is doing well despite the gloomy economy is thatbagiwant.com, which allows trendy customers to rent luxury handbags and sunglasses at prices vastly lower than their retail cost.

"Because of the recession, business has gotten better," said owner Tan Ho Ching, adding that fashion-conscious customers unsure about buying costly bags are now embracing

his service to save money.

The customer base for thatbagiwant.com more than doubled in the three months after Singapore, in October, became the first Asian economy to enter recession.

"People who were sitting on the fence are now trying it out, preserving their capital," he said.

Dog-sharing service Easy Dogz has also seen more customers in recent weeks, according to owner Herbert Lim.

The service allows clients to take home breeds including golden retrievers and Jack Russells after paying rent of 30-50 dollars a day on top of a 100-dollar membership fee.

The company has not been adversely affected by the economic downturn, said Lim, and have even received a boost after running ads in a local newspaper.

More conventional rental services also say business continues to be brisk.

DVD rental firm Homepal Private Limited said more people were signing up, with chief executive officer Eric Tham estimating a 10 percent rise in membership over the six months to February.

Homepal allows customers to rent DVDs over the Internet and delivers the movies to their homes by post. Members pay a monthly subscription fee and are allowed to keep the DVDs for as long as they want.

"There's more people staying at home. This is a form of entertainment that is affordable," said Tham.

Games rental company Red Sands Gamers Club also said its membership was up by more than 50 percent since Christmas, and owner Jeffery Yang said this was due to customers' cost-cutting measures during the holiday period.

"I spoke to my customers. They



Tan Ho Ching (R), owner of thatbagiwant.com, a rental company, and Jay Teo (L), sales manager, display the luxury handbags in Singapore. As consumers scrimp to survive the worst global economic crisis since the Great Depression of the 1930s, Singaporeans are increasingly turning to internet-based rental outlets to maintain their sense of style.

said that they bought (games) consoles instead of travelling overseas (to save money)" which

led to increased membership for Red Sand's games rental services, Yang said.

Membership allows members to enjoy discounts on goods and services offered at Red Sands.

Even one of the major players in the local telecommunications market has rolled out a mobile phone plan that is similar to a rental scheme.

MobileOne's Take 3 programme allows customers to own new mobile phones at significantly lower prices after subscribing to any of its service plans.

Customers have the option of swapping their phone for another after nine months for a fee, or do the swap at no cost after 20 months.

Under the programme, an LG KF900 Prada II phone would cost 201 Singapore dollars per month, against a purchase price of 1,288 dollars.

"They get to enjoy the use of the latest handsets without paying upfront cost. It is likely to be especially welcome in the current economic crisis," said Geraldine Lai, a spokeswoman for MobileOne.

It's different for Singaporeans with such deep pockets they can still rent an entire island -- and keep it all to themselves.

Indonesian island resort Pulau Pangkil Kecil, accessible by boat from Singapore, can be rented for varying rates depending on the season -- from 2,600 Singapore dollars per night for one to ten people on a normal weekday to 4,500 dollars on selected public holidays when bookings are tight.

The cost covers all meals and use of the island's facilities, which include nine luxury accommodations, a bar, swimming pool, speedboats and more than 20 staff, according to the island's website.

"It's the same as last year, which was one of our busiest years -- people still see us as very good value for money," said a company spokesman.