

International Business News

Over 26,000 jobs lost in Malaysia

AFP, Kuala Lumpur

More than 26,000 people have lost their jobs in Malaysia so far this year as the economic slowdown forced employers to cut back, state news agency Bernama reported Sunday.

Malaysian Employers Federation executive director Shamsuddin Bardan told Bernama he expected further job losses in the coming weeks.

He said a 16.2 billion dollar stimulus package unveiled earlier this month had not provided immediate incentive for companies to retain their workers.

The government has slashed its work permit approvals for foreign workers by almost 70 percent so far this year and cancelled work visas for 55,000 Bangladeshi workers after unions said the situation for Malaysians was bleak enough.

In January, the government also banned the hiring of new foreigners in the manufacturing and services sectors after a report forecast 45,000 Malaysians would lose their jobs in the next few months.

Malaysia is one of Asia's largest importers of labour and has an estimated 2.2 million foreign workers, who are the mainstay of the plantation and manufacturing sectors.

Bill Clinton calls for return to goods, services economy

AFP, Medellin, Colombia

The best solution to the global financial crisis is to revert to an economy of goods and services that is based less on finance, former US president Bill Clinton said Saturday.

"I believe the best outcome for us would be a 21st century economy in which more money is made in the production of goods and services and less money is made in finance," Clinton said at a meeting with Inter-American Development Bank (IDB) president Luis Alberto Moreno.

In such an economy, "people make money in finance the old fashioned way, by making investments in products that people want to buy, but not by building sand castles in the sky," he added.

Clinton, the guest of honor at the IDB's 50th anniversary celebrations in the northwestern Colombian city of Medellin, backed President Barack Obama's plans to revive the battered US economy and chart new rules for financial oversight.

"I believe that President Obama's approach has been basically correct. I support his economic stimulus package, even though he has had to borrow money. I hate that," Clinton said.



Three-wheeler autorickshaws for sale are lined up along the main Kandy highway at Kadjugama village on Saturday. The economic slowdown in Sri Lanka has seen many taxi owners trying to sell their vehicles while the number of buyers has dwindled and depressed prices.

Australian PM plays down G20 stimulus prospects

AFP, London

Australian Prime Minister Kevin Rudd on Sunday played down the chances of a new global stimulus package being agreed at the G20 summit in London this week.

Rudd said that since the last G20 meeting in Washington in November, countries had agreed to take economic stimulus steps equivalent to two percent of global gross domestic product, and they should be allowed to take effect.

"There is a great, disproportionate emphasis on disagreements around the margins when, in fact, much has been concretely achieved with a mechanism for the future," he told BBC television.

"Governments around the world have agreed in calendar year '09 on action already equal to about two percent of global GDP.

"What does the IMF tell us about the impact of that? That action alone... means supporting nearly 20 million more jobs than would otherwise be the case, in other words global unemployment in these economies would be 20 million worse.

"And I think it is absolutely important that we recognise the consistency in that."

Next cabinet to decide fate of Kuwait refinery

AFP, Kuwait City

The next Kuwaiti cabinet will decide whether to proceed with a 15-billion dollar refinery project that was halted due to procedural flaws, the official KUNA news agency said Sunday, citing the oil minister.

Kuwait last week notified four South Korean companies, a Japanese firm and US giant Fluor that contracts to build the 615,000-barrels per day refinery was cancelled after opposition MPs insisted the process should have passed through a state-run committee to ensure transparency.

"A decision on the fourth refinery project will be made after the formation of the new cabinet," Sheikh Ahmad Abdullah al-Sabah told KUNA.

"The project has been frozen by the (outgoing) cabinet... (following) remarks by the Audit Bureau, which must be respected in the interest of Kuwait."

The Gulf state's government in August bowed to political pressure and referred the project to the Audit Bureau, which reportedly concluded the project was technically and economically not feasible and should go through the Central Tenders Committee.

INTERVIEW

Big plan for SME loans

Prime Bank boss reveals

SAJJADUR RAHMAN

Prime Bank Limited has planned to provide Tk 1,000 crore loans to the country's small and medium enterprises (SMEs) this year for more employment generation.

"Interest rate is not an important issue, making credit available to the SMEs is vital," M Ehsanul Haque, the bank's managing director, told The Daily Star in an exclusive interview yesterday.

Prime Bank, the local fastest growing private commercial bank (PCB) that was set up 14 years back, has been keeping up its growth over the years. The bank's overall assets increased 39 percent last year.

Its operating profit reached Tk 424 crore in 2008, the highest among the PCBs after Islami Bank Bangladesh Limited.

SME and retail loans also increased 64 percent and 112 percent respectively last year, compared to the previous year.

Prime Bank's top official sees a bright prospect for the SMEs, pointing to the fact that many countries, such as Japan and Taiwan, have made their fortunes with the help of this sector.

"We have already set up a separate SME Division, now a good team will be there to exploit the business potential," Haque said.

However, the career banker thinks that it would not be so easy to lend to such enterprises because of the risks involved in the lending.

"Ignorance of the SME people and the higher cost of doing business are two major risks the banks face," he said.

Banks have to keep higher provision for the SME loan portfolio compared to that from other sectors, M Ehsanul Haque further pointed out.

When his attention was drawn to the high interest rate, he said it is not possible to lend to the SMEs at 10-12 percent interest because the



M Ehsanul Haque

cost of funding is much higher.

In this context he put emphasis on concerted efforts of banks, the central bank and the government to help SMEs to have a sound footing.

"Tax rebate can be an encouraging factor for banks to lend more to the sector," Haque made another point.

The Prime Bank boss also spelt out his plan of an enhanced farm credit, which aims at giving a boost to the agriculture sector. And, some 15 branches will be assigned to serve the purpose, he said.

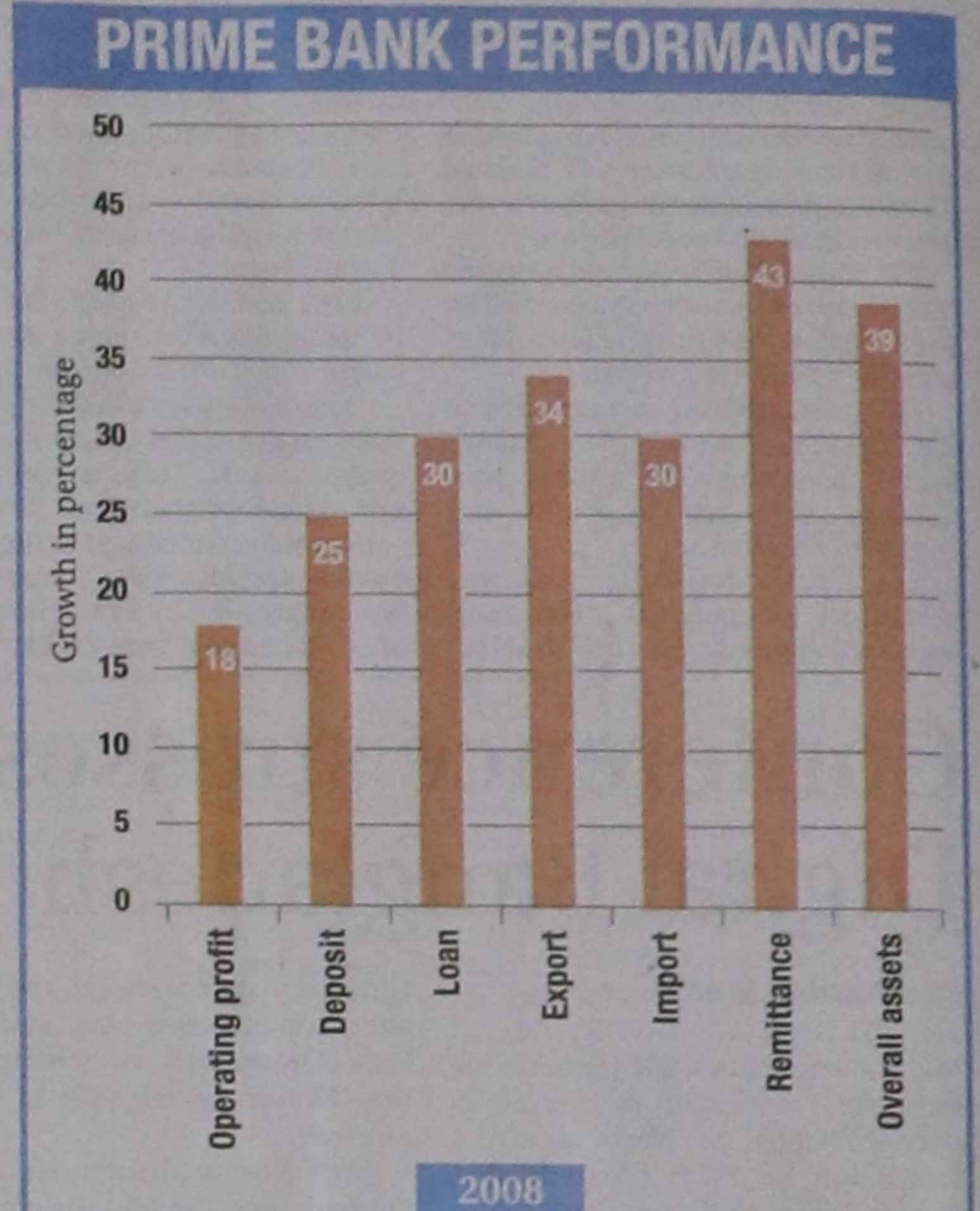
The MD also dwelt on the issues like consumers credit and the central bank's view on it, how

more people can get into banking channels and remittances be properly used and marketing of bond by private banks.

Disagreeing with the central bank's caution against the rapid rise in consumers lending, Haque said it creates demand. "And demand increases the supply," he asserted.

The senior banker considers the entry of the new generation into the business arena as the path to a good business this year amid an economic crisis that has rattled the developed world, the main consumers of products manufactured by developing countries.

On the lesser amount of divi-



dend his bank declared for its shareholders for the year 2008, which is 25 percent against 35 percent in 2007, Haque said. "Increase in tax and deferred tax provision have caused such a reduction.

However, he has assured the shareholders of a benefit next year from this deferred tax.

Prime Bank MD also laid bare the bank's plan to tie up with different non-governmental organisations to render quicker services to the beneficiaries of remittances.

Haque suggested the government create wage earners' bond for the welfare of the remitters. "Some private banks may play a

complementary role in marketing this bond," he said.

On a query on the possible fallout from the ongoing global recession, especially in exports, he said, "Orders from buyers have not gone down, the prices have declined."

Haque, who is seemingly upbeat on the young entrepreneurs, said, "They are western educated, more positive and skilled, both in technical and managerial aspects, than their predecessors."

"I see the future of Bangladesh pretty good," he said.

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FINANCIAL CRISIS

Middle East leisure vessels on rocks

AFP, Dubai

Sales of luxury and leisure vessels are on the rocks in the Middle East, where owning a boat for cruising, entertaining or fishing is seen as a status symbol, industry officials say.

Marine consultant Mike Derrett estimates that boat sales in the Middle East will halve in the next one to two years, down from 1,200 boats sold last year and 1,500 sold in 2007, due to the global economic downturn.

Despite the market hitting the doldrums, however, the effects of the credit crunch will be gentler in the Middle East than in the United States or Europe, where sales are expected to plunge by 75 percent, he predicts.

"Things are more likely to bounce back here... There is a lot more growth potential here and in Asia," Derrett told AFP.

Luxury boats showcased at a recent international boat fair in Dubai drew amazement from spectators, but few were persuaded to dig into their pockets and splash out.

"Haven't you heard? There's a financial crisis going on," Max Wilchefski 30, an Australian construction design manager, told AFP at the Dubai International Boat Show -- the biggest annual boat show in the Middle East and one of the top five in the world.

"We're dreaming. We'd love two of these 'Out Of Limits' racing boats," said Wilchefski's friend Rick Vinantuono, 38.

Both said however they would stick to just "looking around" -- which exhibitors said had been the gloomy refrain of this year's show.

After enjoying years of rapid growth as a business and tourism hub, Dubai, one of the seven emirates forming the United Arab Emirates (UAE), has been the hardest hit in the region by the global financial crisis.

At this month's boat show, 721 exhibitors from 50 countries displayed more than 400 boats on a sprawling space of 85,000 square metres, the size of about 17 football pitches.



An Emirati man poses for a picture in front of a 38-metre yacht on display at the Dubai International Boat Show in the Gulf emirate's marina on March 3, 2009. Sales of luxury and leisure vessels are on the rocks in the Middle East, where owning a boat for cruising, entertaining or fishing is seen as a status symbol, industry officials say.

However, the number of exhibitors was 11 percent down on the 810 who pitched up in 2007, according to show organisers, who added that around 26,000 people visited the exhibition this year, down from nearly 27,500 last year.

Saeed Harib, the chief executive officer of the Dubai International Marine Club which hosted the event, acknowledged that the global credit crunch had affected sales.

Among those who did attend, however, were a number of boat-loving royals from the UAE and neighbouring Gulf countries but whether they splurged out or not has not been revealed.

Glitzy leisure craft ranged from luxury yachts to speed boats, including the "Quantum of Solace" -- the power boat featured in the latest James Bond movie of

the same title. Watersports and leisure crafts are popular in Dubai, which boasts year-round sunny weather and sandy beaches overlooking the azure waters of the Gulf.

This year's highlight was a super yacht pavilion, where mega industry names as Abeking & Rasmussen, Amels B.V and Sunseeker among others displayed their latest models, 19 pieces in all, compared to 10 displayed last year.

Ali al-Jafra, managing director of Sunseeker Middle East, proudly showed visitors around the lavish Sunseeker 38 Metre super yacht, which features neatly crafted bedrooms and bathrooms on each of its three decks, a lounge and a dining room with marble floors covered with fluffy rugs.

The price tag for such luxury yachts ranges from 22 to 24 million

dollars. "No doubt the economic downturn has affected business," Jafra said. "It's hard to judge what will happen next."

Sunseeker's sales at the show generated close to 20 million dirhams (5.44 million dollars), Jafra later announced.

Not everyone has been negatively affected by the economic downturn.

"On the contrary, we have benefited because the prices of building materials have dropped," said Sultan al-Naeimi, chairman of Premier Composite, a UAE manufacturer of sailing yachts.

"We have been affected by the crisis to a small extent, but we already signed contracts and we're doing fine," he said.

And interest in leisure boats is still strong, despite the lack of sales.

For the first time, the UAE's capital Abu Dhabi this month held its own boat show, with around 100 exhibitors from 26 countries showcasing 20 of the world's most luxurious super and mega yachts. And according to local media reports, the show drew good crowds daily.

For marine consultant Derrett, the leisure boat industry in the Gulf region is being becalmed not only by the financial crisis but also by a drastic lack of berths.

He estimated that between them the six Gulf Cooperation Council members -- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE -- now have around 9,000 berths, providing only limited space for the estimated 44,000 boats needing mooring.

Plans are underway, however, to build another 7,000 berths by 2012, he said.