

International Business News

Bids for India's disgraced Satyam to open today

AFP, New Delhi

India's Satyam Computer Services could have a new owner Monday when bids are opened for the disgraced outsourcing giant, officials said.

Sale of the firm at the heart of India's biggest accounting fraud has taken on an urgency, with dozens of clients reported to have terminated their contracts or be aiming to shift their business because of uncertainty over Satyam's future.

"The bids will be seen Monday," Satyam board chairman Kiran Karnik told reporters Saturday.

The Satyam board, advised by investment bankers Avenus and Goldman Sachs, then expects to announce the winning bid for the company, which acts as the back office for some of the world's biggest manufacturers, health care providers and banks.

"We very much expect it to be wrapped up Monday unless there's something we didn't anticipate, but that's unlikely," a person close to the bidding process, who did not wish to be named, told AFP.

A statement by Satyam, listed on the New York Stock Exchange in 2001, was expected late Monday.

The government-appointed board took control of Satyam after its founder B. Ramalinga Raju stunned India's corporate world in January by declaring he had inflated the balance sheet by over one billion dollars and overstated profits.

China to keep 'loose' monetary policy

AFP, Beijing

China's central bank said Sunday that it would maintain a "moderately loose" monetary policy amid the worsening global financial crisis.

The decision was made at a recent meeting of the monetary policy committee, the key decision-making body at the People's Bank of China, the bank said in a statement posted on its website.

"The meeting studied the orientation of the monetary policy in the coming period, and measures that may be adopted," the statement said.

"The participants at the meeting believed... that a moderately loose monetary policy should be implemented to maintain the continuity and stability of policy-making."

The statement said the meeting concluded that the global financial crisis was continuing to "spread and deepen", and that "the international financial markets remained in a state of turbulence."

Premier Wen Jiabao was quoted by state media Saturday as saying measures taken by China to combat the economic crisis were beginning to show results.

Chinese authorities in November unveiled an unprecedented four trillion yuan (580-billion-dollar) stimulus package to combat the crisis.



German clients of the embattled Icelandic bank Kaupthing demonstrate in front of the Bundestag (lower house of parliament) in Berlin on Saturday. About 200 protesters took part in the demonstration themed "It's enough! Turn us back our money now!" to claim the payback of their savings.

SKorea offers tax break on old cars in stimulus bid

AFP, Seoul

South Korea's government offered a tax break Sunday to motorists who replace ageing cars with newer models, in bid to boost sagging demand in the auto industry.

The strategy and finance ministry said the measure, worth up to 2.5 million won (1,900 dollars), would be available to drivers who trade in a car that is more than nine years old.

The incentive, which will run from May to December, was announced as local auto makers feel the bite of the global economic downturn.

South Korean car manufacturers, including Hyundai Motor, have reduced their output due to slumping sales while Ssangyong Motor, the smallest automaker in the country, is under court receivership to avoid bankruptcy.

South Korea's five automakers sold a total 402,563 vehicles in March, down 18.7 percent from a year earlier, with Hyundai's sales falling 9.8 percent to 233,443 units.

The tax break will come from reducing purchasing and registration taxes by 70 percent, officials said.

Toyota set to suffer second straight loss

AFP, Tokyo

Toyota Motor, the world's biggest automaker, is expected to suffer a second consecutive annual loss because of the global economic slump and a stronger yen, Japan's Nikkei daily reported Sunday.

Toyota's group operating loss may top 500 billion yen (five billion dollars) for the current fiscal year which started April 1, the business daily said.

It would be the second straight operating loss, as the company has already warned that it expects an operating loss of 450 billion yen, its first ever, for the fiscal year to March 31.

Revenue for the current year is expected to fall to around 20 trillion yen, down from an estimated 21 trillion yen for the year before, the Nikkei said.

Toyota group auto sales are now estimated at 6.5 million vehicles for the fiscal year just started -- which, if confirmed, would be the first time they have fallen below seven million units, it said.

ASEAN

Summit debacle sets back Asia

AFP, Pattaya, Thailand

The dramatic cancellation of an Asian summit after rampaging Thai protesters stormed the venue has set back a regional effort to tackle the global economic crisis, analysts said.

The Association of Southeast Asian Nations (Asean) was to have hosted two days of talks with the leaders of China, Japan, South Korea and other allies in the biggest international gathering since the G20 summit in London this month.

But the 16-nation meeting was aborted Saturday when anti-government protesters broke through cordons of troops and riot police -- forcing presidents, prime ministers and a monarch to be evacuated by helicopter from the rooftop.

"The opportunity to work out collective measures has been set back. It is a setback to Asia's contribution to the global economic recovery," former Asean chief Rodolfo Severino told AFP.

"I hope they can meet soon and work it out because Asia has a lot of potential to help in the global economic recovery," said Severino, head of the Singapore-based Asean Studies Centre.

The meeting was to have discussed ways to further open up markets, ditch protectionist measures and flesh out the details of a 120-billion-dollar crisis fund for countries under financial stress.

"It is not easy to gather leaders of this magnitude, including the leaders China, Japan and India. It would have been an opportunity for Asia to let its voice be heard," a Southeast Asian diplomat told AFP.

The scrapping of the summit shows how the 10-nation Asean has become hostage to the political dramas of its members -- a diverse group of democracies, a military dictatorship, a monarchy and communist states, analysts said.

"The main effect is on perceptions of Thailand, (but) indirectly Asean's image is affected," said Bridget Welsh, a Southeast Asia specialist at Johns Hopkins University in the United States.

"That all are safe and unharmed is good, but it points to one of the underlying challenges



A protester loyal to fugitive former premier Thaksin Shinawatra waves a national flag outside the venue of the 14th Association of Southeast Asian Nations (Asean) Summit and Related Summits as soldiers stand guard, in Pattaya, some 180km southeast of Bangkok on Saturday.

for the organisation -- how to deal with the dynamics within countries in the region," she told AFP.

While military-ruled Myanmar's iron grip and massive human rights abuses have been perennial thorns on Asean's side, political instability in democracies such as Thailand and the Philippines have also hurt the grouping.

"Thailand's instability is a persistent blow for democracy in the region. It used to be a model, and now it is so polarised that it

cannot even hold a regional meeting in a remote stronghold for the governing party," said Welsh.

"The protests feed governments who opt for more draconian measures to address crowds, rather than dialogue and legitimacy through elections."

Welsh said that until Asean's five core members -- Indonesia, Malaysia, the Philippines, Singapore and Thailand -- can serve as an "anchor" for the bloc, "nothing substantial will get done."

It was not the first time summits have become victims of domestic problems within Asean, which also groups oil-rich Brunei and developing nations Cambodia, Laos, Myanmar and Vietnam.

The Philippines postponed its hosting of the annual Asean summit from December 2006 to the following month, publicly citing an approaching typhoon but with speculation rife that it was due to a security threat.

In July 2007, Myanmar passed

its chance to host the summit and related meetings after the United States threatened to boycott Asean gatherings if it took up the group's revolving leadership.

Seah Chiang Nee, a Singapore-based veteran political commentator, said any impact on Asean's international reputation would be temporary.

"The big impact will be on Thailand. I don't see how they can live down this reputation of publicly being disgraced in the eyes of the world," he said.

ECONOMIC CRISIS

Tougher times for MBA graduates

AFP, Singapore

Once every six weeks, fund manager Anthony Siwawa hops on a plane from Botswana for a 10-hour flight to Singapore, where he is doing a master in business administration (MBA) degree.

Siwawa, 42, spends about 1,000 US dollars on every return ticket, in addition to the 120,000 dollars he paid for the two-year course at the University of Chicago Booth School of Business extension campus here.

"It's not cheap," Siwawa, managing director of Venture Partners Botswana, told AFP during one of his trips to Singapore, Southeast Asia's financial and postgraduate-education capital.

But the father of two young children added: "It's value for money, it's an investment. Nobody knows what's going to happen but I just feel I'm better equipped than I would have been maybe a year ago."

As companies buckle from the global economic crisis, executives like Siwawa are taking time off from their businesses to beef up their resumes ahead of an expected recovery.

However, the employment landscape even for MBA-toting managers has changed since last year's dramatic shakeup in the US financial heartland, blamed largely on unbridled markets and poor regulation of firms run in many cases by MBA holders.

Job opportunities have narrowed. Salaries and bonuses are being slashed and the expatriate and other perks that came with a management position are being scrutinised more closely.

"Invariably the job market is more difficult for graduating MBAs this year in comparison to 2008 and previous years," said Lee Quane, director for Asia at human resources firm ECA International.

In the past, many MBA graduates in Asia would stay and



Thousands of Chinese parents gather at a special education fair to enquire mainly on the job prospects for their children after graduation, in Beijing on Saturday.

work in the region. But as regional financial centres Hong Kong and Singapore suffer from the economic slump, the opportunities have shrunk, Quane said.

"MBA graduates are generally very mobile and in the past have moved around after graduation. However, the global impact of the current financial crisis means that this mobility will be seriously affected, impacting on the earnings potential of MBA grads," he told AFP.

Top performers from the elite MBA schools will remain in demand and there should be little effect on their salaries and bene-

fits, in spite of the poor economic climate, he added.

"However, for the majority of MBA graduates, the softer employment situation and the global economic crisis will definitely impact the ability for graduates to market their skills," he said.

Bernard Ramanantsoa, dean of leading European business school HEC Paris, said applications to his institution have increased, but finding one's dream job and meeting salary expectations have become harder.

"For example, some graduates would want to work in financial

institutions in New York or in London, but it's very difficult to do that at this time," he told AFP during a recent visit to Singapore.

"So they have to find another job and that of course is difficult for them... and they will also see lower salaries."

Bill Kooser, associate dean for executive MBA programmes at the University of Chicago Booth School of Business, said MBA graduates in top schools would have fewer problems finding jobs.

"Graduates of the top business schools will continue to be sought after by companies, although the mix of industries and number of job offers per graduate may

change given the current economic conditions," he said.

"The return on the MBA investment is still positive and our graduates continue to move ahead in their careers, taking on new roles and responsibilities within their companies."

Kooser also noted that the University of Chicago's programme in Singapore is designed for working executives who are already employed.

A prominent Singaporean educator said the global slump should be an opportunity for MBA schools to review their "business model" after the ethics of Wall Street executives and investment bankers came under fire.

Bernard Yeung, dean of the National University of Singapore Business School, said that apart from teaching managerial skills and the art of increasing profits, business schools must return to basics.

"I think it's important that we as educators think very carefully about our business model... Education has to become a package of totality," he told AFP.

"It's not just about money, but explaining the world to them, explaining the values to them, explaining the various choices, the actions and consequences."

Students should be taught that money is not the end in itself but a "wonderful by-product" of one's hard work, Yeung said.

Ramanantsoa of HEC Paris said he hoped lessons could be learned from the crisis.

"Maybe in the previous years we have not explained well enough to our students what are the pure rules of the game of capitalism," he said.

"Capitalism can be dangerous with no regulation as we see today, and maybe we forgot to tell people that free market does not mean total freedom. I hope we are all going to correct that in the coming years."