

International Business News

Yahoo! reports sagging profit and job cuts

AFP, San Francisco

Yahoo! on Tuesday reported that its net profit slumped nearly 80 percent in the first three months of the year and that it will trim its workforce by five percent.

Yahoo! said its net income for the first quarter was 117.6 million dollars, or eight cents per share, compared to 536.8 million dollars, or 37 cents per share, during the same period last year.

"Yahoo! is not immune to the ongoing economic downturn, but careful cost management in the first quarter allowed our operating cash flow to come in near the high end of our outlook range," said Yahoo! chief executive Carol Bartz.

"With our leading audience properties, substantial reach and innovative advertising solutions, we are confident Yahoo! will be well positioned when online brand advertising resumes its growth," she added.

In a statement, Yahoo! said it expects to "reduce its number of current employees worldwide by approximately five percent" to "allow flexibility for accelerated strategic investments and targeted hiring in its core operations."

Workers being cut from the payroll will get word during the coming two weeks, according to the Sunnyvale, California-based Internet pioneer.

Malaysia to liberalise parts of services sector

AFP, Kuala Lumpur

Malaysia said Wednesday it will liberalise parts of the services sector, removing ownership rules linked to a controversial affirmative action policy for majority Muslim Malays.

Prime Minister Najib Razak, who was sworn in earlier this month, said that 27 sub-sectors would be liberalised "to attract more investments, bring in more professionals and technology as well as strengthen competitiveness."

The areas targeted for liberalisation are in the areas of health and social services, tourism, transport, business services and computer and related services.

Businesses in those service industries will no longer have to be 30 percent owned by "bumiputera" -- a term that means "son of the soil" and takes in Malays and indigenous tribes.

The rule is part of the New Economic Policy (NEP), launched after 1969 racial riots, in an effort to narrow the wealth gap between ethnic Chinese -- who control the business sector -- and Malays, who dominate government.

Critics say the policy has failed and that its biggest beneficiaries have been Malay entrepreneurs who cash in on an array of perks including discounts on property purchases and specially allocated government projects.



AFP

Job applicants attend a job fair at a mall in Manila's financial district of Makati yesterday. The global financial crisis may turn into a "social crisis" for Asia if it lasts too long and not addressed properly, a senior economist of the International Labour Organisation (ILO) warned.

Taiwan unemployment hits record 5.81pc

AFP, Taipei

Taiwan's unemployment rate rose to a record 5.81 percent last month as businesses slashed jobs in the ongoing recession, the government said Wednesday.

March unemployment was up from 5.75 percent the previous month and was 1.95 percentage points higher than a year earlier, said the Directorate-General of Budget, Accounting and Statistics.

On a seasonally adjusted basis, the jobless rate stood at 5.72 percent in March, up 0.09 of a percentage point from February, the cabinet-level agency said.

The number of people out of work rose to 630,000, up 6,000 from a month earlier, it said. Some 15,000 lost their jobs due to business downsizing and closures during the month.

People losing temporary or seasonal work dropped 5,000, and the number of first-time job seekers and those resigning their posts fell 4,000, the agency said.

Taiwan, Asia's sixth biggest economy, has been hit hard by the global financial crisis, with record falls in its key export sector, particularly at bellwether electronics firms.

Boeing profit halved by global downturn

AFP, Washington

Boeing said Wednesday its first-quarter profit fell 50 percent from a year ago to 610 million dollars, citing a global downturn that presents "unprecedented challenges" for the aerospace company.

The Chicago-based aviation giant also downgraded its outlook for the rest of 2009, saying commercial airplane orders will be weaker than previously anticipated.

The profit amounted to 86 cents per share, below most analyst estimates of 91 cents per share.

Revenues rose 3.0 percent to 16.5 billion dollars amid higher commercial airplane deliveries and higher volume in defense sales.

Boeing said most of its weakness came from civil aviation, with airlines cutting back on new orders in face of a deep global economic crisis.

"The expanded global economic downturn is presenting unprecedented challenges in our commercial airplane markets," said Boeing chairman and chief executive Jim McNerney.

MIGRANT WORKERS

Dubai days

SOHEL PARVEZ

Darkness gathers and storefronts are abuzz with low-budget shoppers.

The tiny congested rooms, the shared kitchen in labour camps, the dimly-lit sandy backyard, all come alive with crowds. In the distance, burning cigarettes shine in the dark, indicating the presence of a small group of people.

The workers have returned from work.

For the last couple of months, it has become routine for Akbar Ali and his mates to gather in small groups in the backyards of the labour camps in Al Quoz, an industrial and labour camp area in the western part of Dubai.

The workers come to relax, munching on ethnic snacks, like fried eggs, spicy puffed rice and gram.

"They (migrant workers) like to snack on these items. The sale of such snacks helps me earn more," says Ali, a Bangladeshi migrant worker. His income has recently been shrinking due to a fall in overtime hours. Construction projects in Dubai have been going down as the recession idles the once booming real estate.

Akbar lights his stove every evening, after he returns from his work from 7am to 5pm. Even though his petty work increases his income, he runs the risk of being caught by the police.

"I faced a raid once. I ran from the scene, leaving all my belongings behind," he says, sitting behind boards to hide from the law enforcers.

The 37-year-old charges 1.5 dirham for a boiled egg and 2 dirham for a fry. (1 dirham = Tk 18.75)

His daily income varies. He says: "If it's a good day, I get a margin of as much as 20 dirham."

The same is true for Rafiqul Islam, who like many other migrant workers, including Bangladeshis, is now hunting for means to stay afloat in Dubai as the global economy is mired in recession.

Prior to the recession, an oil-driven boom fuelled construction in Dubai and attracted tens of thousands of foreign workers to fill its appetite for growth.

The global crisis dried up credit, resulting in a freeze or slowdown in many big construction projects with migrant workers facing layoffs, long-leaves or cuts



SOHEL PARVEZ

Migrant workers, mostly from Bangladesh, board a bus near a construction site at Dubai Marina in the United Arab Emirates after the day's work.

in overtime.

However, many workers opt to remain, although existence seems painful and more difficult without sufficient work.

"It has been six months since I arrived and my employer has already issued a long leave notice for me," says Mohammad Jasim, a construction worker.

Jasim joined the group of returnee migrant workers in the middle of this month. About 22,000 Bangladeshi migrants were forced to return in the January-March period of 2009, and the numbers continue to rise.

Mujibur Rahman, another migrant worker, seems lucky, as he is yet to face layoff, but that does not make life any easier for him there.

"Survival is tough over here. My additional income helps me

makes ends meet. I have no way out but to sell nuts and chanachur to buy food for myself," says Mujibur. He came to Dubai in February last year by paying Tk 2.2 lakh to a broker.

Mujibur has been selling ethnic snacks near Al Madina Supermarket for the last one month.

"I get 520 dirham a month, including food allowance. I spend 160 dirhams on basic food items alone," says the worker.

Mounting tension among workers over the termination of their employment contract affects not only those involved in construction but also various other supporting sectors, such as the security guards deployed at construction sites.

"The situation is worsening by the day. Many of my Bangladeshi friends, who worked as security guards at the construction sites,

now sit idle," says 25-year old Mamun, who works at a security service company, Transguard.

The once vibrant tourism sector of UAE also suffers blows from the global financial meltdown and hotels are cutting fares to lure tourists.

On a tour of the city roads, unleashing the beauty of the blossoming red and white flower, palm trees, alluring skyscrapers and architectural wonder of the Burj Al Arab, Tareq, a tour guide at Arabian Adventures, says, "There are fewer workers, tourists and traffic."

"The crisis started in November. Before then, nobody cared about what was going on in the west. Things have changed very fast. I dare to think what is going to happen in the future."

Tushar, a 22-year-old cleaner from Bangladesh, also is too

frightened to think about the future. He sits idle on a Friday.

"Previously, I had overtime duty on Friday and earned an extra 30 dirhams for my services. Now that has stopped," says Tushar, who earns 530 dirhams a month. "My family back home thinks I lead a colourful life here. That is far from true. Life is very tough here."

Tales of hard working and toiling workers abound.

After passing the night in tiny-congested rooms, jammed with three to five double-decker beds, Mizanur and his mates get ready to begin work at dawn.

The 50-seater TATA bus awaits them in front of the camp. The army of workers continue to struggle today, in hopes of a better life tomorrow.

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RECESSION

A troubled Iceland fights back

AFP, Reykjavik

Six months after it came within a hair of bankruptcy, Iceland is plunged in a deep recession, but thanks to its natural resources and flexibility, experts expect the economy to be back on its feet again soon.

A North Atlantic island of just 320,000 inhabitants, Iceland saw its economy crash in October when its three main banks suddenly collapsed, bringing to a screeching halt a decade of prosperity when growth had averaged 4.0 percent a year.

The country's bank assets had swelled since 2000 to 11 times its gross domestic product (GDP) just before the crash last October.

The International Monetary Fund (IMF), which came to Reykjavik's rescue in November with a loan of 2.1 billion dollars, has forecast the island's economy will contract by 10 percent this year -- a dire scenario for Icelanders.

After months of angry protests, demonstrators succeeded in forcing out the left-right government in January over its handling of the crisis, and a snap general election will be held on Saturday.

Thousands of Icelanders have lost their savings and their jobs in the crisis.

Unemployment, which was virtually nonexistent before the crisis, is expected to hit 10 percent by the end of this year, the central bank says.

Household consumption has nosedived, and is expected to shrink by 24.1 percent in 2009, according to finance ministry forecasts.

At the same time, the Icelandic krona, which lost 44 percent of its



AFP/FILE

A man takes money from an automatic teller machine outside the Icelandic bank Kaupthing in Reykjavik. Iceland is mired in a deep recession, but experts expect the economy to be back on its feet soon, thanks to its natural resources and flexibility.

value last year, is struggling to gain back ground. On Tuesday, one euro was trading for 168 kronur, while one dollar was worth 129 kronur.

The exchange rate is a catastrophe for Icelanders who took out loans in foreign currency, as their debt has suddenly ballooned.

Despite the grim numbers, "basically the good signs are still there, inflation is slowing down, the exchange rate is stable," Franek Rozwadowski, the IMF's resident representative in Iceland,

told AFP.

The inflation rate hit a peak of 18.6 percent in January, before sliding back to 15.2 percent in March.

In mid-March, the head of the IMF's assessment mission, Mark Flanagan, said "a lot of good progress has been made."

Rozwadowski noted that Iceland's "very flexible economy and society is a plus to recover."

"Flexibility is more important than (population) size," he

stressed.

Icelanders, generally a highly qualified work force, are not hesitant to move to a new location or to retrain themselves professionally in order to land a new job.

One former bank employee in central Reykjavik said she was working in a souvenir store to make ends meet, while one taxi driver interviewed said he used to be a police officer.

"Iceland should have the basis for becoming a symbol of how

quickly an economy can recover. In my view, we should aim for no less," said the new governor of Iceland's central bank, Svein Harald Oygard of Norway, during the bank's annual meeting last week.

"We already see that exports of goods and services exceed imports. The country benefits from a world-leading fishing industry, an excellent basis for tourism, renewable energy and renewable energy-based businesses, and a widely diversified economy," he said.

The fishing industry has been Iceland's traditional economic base.

Almost all of its fish is exported, accounting for 36.6 percent of Iceland's overall exports last year, second only to products manufactured by the aluminium industry, which represented 52.1 percent of exports, according to Statistics Iceland.

The exports went a long way in helping to reduce Iceland's trade deficit in 2008, which totalled 5.6 billion kronur compared to a deficit of 127.5 billion in 2007, the same source said.

"Despite these resources, the problem in Iceland right now remains the fact that the banking system is not functioning correctly. And this can only be fixed by resolving the problem with foreign creditors," says Gunnar Haraldsson, the head of Iceland's Institute of Economic Studies.

Iceland's banks still owe jittery creditors billions of euros (dollars) they are unable to pay.

Haraldsson said that now that the country's banking sector was almost entirely nationalised, mergers of several banks were to be expected.