

International Business News

OECD sees slowdown ease in some big economies

AFP, Paris
The downturn in some recession-hit countries is easing despite ongoing signs of a strong slowdown, the OECD grouping of leading economies said in a report on Monday.

"Composite leading indicators continue to indicate a strong slowdown in the OECD area but the pace of the deterioration is easing," the Organisation for Economic Cooperation and Development (OECD) said.

The indicators assessed by the OECD in major member countries "continue to point to deterioration in the business cycle, but at a decreasing rate," it said.

The OECD said its key CLI economic indicator decreased by 0.1 point in March and was down 9.5 points since the same month last year.

The body's indicators "for March 2009 continue to point to a strong slowdown in the OECD," which covers 30 big economies.

"However France, Italy and the United Kingdom are showing tentative signs of, at least, a pause in the economic slowdown," it added, pointing to a "possible trough" in these economies.

The indicator for the United States fell 0.6 points in March and 11.8 since March 2008. In the eurozone the index was down 7.9 points on the year, but rose 0.2 points in March on a monthly basis.

India's car sales up but sector still shaky

AFP, New Delhi
Indian car sales grew for a third straight month in April, according to data Monday, but an industry body said it was too soon to say the sector was on the road to recovery.

Sales rose 4.2 percent to 102,899 units for April as car buying continued to pick up after the industry went into a tailspin last October, hit by a slowing economy.

But Sugato Sen, senior director of the Society of Indian Automobile Manufacturers (SIAM), warned: "Things are still very sensitive."

In the passenger car segment, sales of Japanese-owned market leader Maruti Suzuki India raced ahead in April by 8.61 percent to 56,221 units from a year earlier.

South Korea's Hyundai unit, the second-largest carmaker in India, posted a 3.49 percent sales rise to 22,241 units. Top vehicle maker Tata Motors' sales were flat at 11,202 units.

Total vehicle sales rose 10.76 percent to 894,058 units.

Two-wheeler sales showed the strongest rise for April, surging 13.71 percent to 700,995 units from the same period last year as consumers turned from cars to cheaper motorbikes and scooters.



Chinese shoppers gather to buy bedding at a shop in Hefei in eastern China's Anhui province yesterday. China's inflation weakened further in April as the economy was hit by its most serious slowdown in nearly two decades, but analysts said the risk of deflation causing any damage was abating.

Malaysian industrial output sinks

AFP, Kuala Lumpur
Malaysian industrial output plunged 14.4 percent year-on-year in March as the manufacturing, mining and electricity sectors suffered a fall due to weak exports.

However, the industrial production index rose 6.2 percent compared with the previous month, the government's statistics department said in a statement on Monday.

The fall was also slower than the 15 percent fall expected by 13 economists polled by Dow Jones Newswires.

Manufacturing output plunged 19.6 percent from a year earlier, faster than the revised 18.5 percent decline in February.

Mining sector output fell 3.2 percent in March after dipping 7.3 percent the previous month. Electricity output contracted 8.9 percent, worse than the revised 5.5 percent plunge in February.

The government in March unveiled a stimulus package worth 16.2 billion dollars but warned the export-driven economy could still shrink by 1.0 percent this year.

Malaysia's central bank last month kept its key interest rate at 2.0 percent and said the economy was expected to contract markedly in the first quarter of the year.

China unveils stimulus for nonferrous sector

AFP, Beijing
China on Monday issued details of a stimulus package for its nonferrous sector, including plans for a state reserve system and financial support for firms seeking to buy overseas mining assets.

Beijing will set up a state reserve to buy nonferrous metals such as zinc and aluminium to stabilise market prices, according to a statement posted on the website of the State Council, or cabinet, and previous media reports.

Companies seeking to acquire overseas mining assets will get support for securing loans and foreign exchange and issuing shares, according to the plan, which covers the period until 2011.

China is the world's largest producer and consumer of nonferrous metals and the industry employs at least three million people in the country, the statement said.

The whole sector has been suffering losses since the second half of 2008 as the international financial crisis has weakened demand, causing continued falls in product prices, it said.

LIFESTYLE

China still has appetite for luxuries

AP, Beijing

Clutching a fistful of shopping bags from designers Vivienne Westwood, Dior and Alexander McQueen as she concluded one of her twice-monthly shopping sprees, 29-year-old Zhao Bing looked like the picture of hope for luxury retail.

"Is there a financial crisis in China? I don't think it has affected my life very much," said Zhao, who spent 7,000 yuan (\$1,000) in 90 minutes at upscale Lane Crawford in Beijing's financial district last week. "I still buy those big brands, anyone you could think of."

Many well-heeled Chinese shoppers like Zhao, a film technician who gets an allowance from her parents on top of her salary, are spending freely during the global economic crisis. High-end designers and luxury retailers that thrive on such extravagance hope China's growing luxury-seeking population will cushion them against the collapse in demand in other countries.

China's 6 billion euro (\$8 billion) luxury market accounts for just 3 percent of global sales, compared with 38 percent in Europe, 33 percent in South and North America and 12 percent in Japan, according to Bain & Co. But China and Brazil are projected to be the two fastest-growing luxury markets through 2012, according to consulting firm Bain & Co.

And sales of designer clothing, jewellery and other luxury goods in China will climb 7 percent this year, while worldwide luxury revenue could fall 10 percent, Bain & Co. forecast. Last year, luxury sales surged 25 percent in China while they were flat worldwide.

Just as more mainstream brands like Starbucks Corp. and Yum Brands Inc.'s KFC are expanding fast in China, higher-end brands such as Salvatore Ferragamo and Gucci are adding stores here, while many retailers have postponed or limited expansion in listless U.S., European and



Chinese shop at a Louis Vuitton fashion boutique in Beijing. Sales of designer clothing, jewellery and other goods in China are expected to climb at least 7 percent this year, while global industry revenues could fall by 10 percent, consulting firm Bain & Co says

Japanese markets.

"The China market is growing fast. Beside the global downturn, which affects every country, China is quite stable," Michele Norsa, chief executive of Salvatore Ferragamo SpA, said in an e-mail response to questions. "Definitively, we are optimistic."

Ferragamo plans to add seven to eight China stores this year, with further expansion in 2010, according to Norsa.

Gucci Group, part of France's PPR SA, plans to open a flagship store in Shanghai in May after adding three new locations in January. It says its sales in China soared 42 percent last year compared with 2007, 10 times its global growth rate of 4.2 percent. Gucci said China currently represents one of its most dynamic areas of retail growth. Greater China including Hong Kong and Macau accounted for 14.3 percent of Gucci's sales last year.

France's Domaines Barons de Rothschild, producer of Chateau Lafite wine, is developing a vineyard in the eastern province of Shandong to serve growing local demand.

China's luxury shoppers are strikingly young, many of them self-employed or part of a growing professional class. According to consulting firm McKinsey & Co., 80 percent are under 45, compared with 30 percent of luxury shoppers in the United States and 19 percent in Japan.

Liu Hongyan, a 34-year-old marketing director for a culture magazine in the western city of Chengdu, just bought a Coach purse to replace her Chanel, two necklaces and a bracelet from Tiffany and some Estee Lauder cosmetics.

"Like many of my friends, my job is stable and not affected by the financial crisis," she said. "Now that we are finished buying apart-

ments and cars, we are buying luxury goods."

Companies with a big presence in China, including Hermes Group and LVMH Group, declined interview requests. Spokespeople for Giorgio Armani SpA and Swatch Group said managers had no time to talk. Tiffany & Co. and Burberry Group did not respond to calls.

Growth in China may not be huge in dollar terms, but it helps counter sales declines elsewhere, says Claudia D'Arpizio, a Bain partner in Milan.

"It's not enough for offsetting completely the stronger decrease in the U.S., Japan and Europe," she said.

Fuelled by a three-decade-old economic boom that created a still-growing urban elite, China's appetite for luxury goods is surviving the sharpest global economic slump since the 1930s. And Beijing's multibillion-dollar

stimulus plan appears to be reviving the economy. Recent reports show gains in factory output, retail sales and capital investment.

By 2015, China will have more than 4 million households with annual income above 250,000 yuan (\$37,000), McKinsey predicted in a recent report. That will make it the world's fourth-largest country in terms of its number of households with substantial purchasing power after the United States, Japan and the United Kingdom. McKinsey said the benchmark was adjusted for purchasing power parity for each country.

And most of that money likely will be spent in China. McKinsey said its research found wealthy Chinese do 70 percent of their luxury spending at home, contrary to the industry wisdom that Chinese people make at least half their purchases abroad.

"We know Chinese consumers will continue to spend on luxury items," said Ferragamo's Norsa. "After all, it is a very big pond and in it there is space for many."

Companies are expanding inland to cities like Chengdu to reach customers "who can already afford and who will aspire to the image projected by luxury brands," said Bain's D'Arpizio.

Most Chinese, of course, still can't afford luxury brands and opt for knockoffs. From fake Gucci wallets to Chanel bags, they are widely available despite repeated government crackdowns. Some are so well made that only experts can distinguish them from genuine designer goods.

Wu Yang, a 25-year-old Beijing event planner who bought counterfeit Louis Vuitton and Gucci bags on a recent trip to Shanghai, said vendors wanted 300-500 yuan (\$45-75) for a bag, compared with 5,000-10,000 (\$750-\$1,500) for the real thing.

"I can afford it and nobody can tell it's not real," Wu said. "This represents a girl's dream for big brands."

Her next goal: The latest counterfeit Balenciaga bag.

CAREER

Older workers trade money for less stress

AP, Chicago

Less pay, fewer benefits, lower prestige and greater job satisfaction.

Older workers and retirees moving into different lines of work can take heart from a new study that finds they are likely to enjoy their new jobs more than their old ones.

In an era when pink slips are increasing and some career paths may be cut short because of the economy, all too many job switches may be forced rather than voluntary for the foreseeable future.

Despite the shortcomings, however, there's new evidence, which suggests that career changes work out well for the overwhelming majority of older workers because of reduced stress and flexible work schedules.

AARP followed over-50 workers for more than a decade to study career changes and find out how they fared. In all, 91 percent of the study group said they enjoyed their new jobs, a significant bump up from a 79 percent thumbs-up for their old jobs.

"The study shows dramatically that workers are putting a premium on reduced stress as they downshift a bit," said Susan Reinhard, senior vice president of the AARP Public Policy Institute.

A report was released Thursday on the study, based on 1,705 workers nationwide who were surveyed over a 14-year period beginning in 1992. The study was conducted for the AARP Public Policy Institute by The Urban Institute of Washington.

"The current downturn presents a real bump in the road," Reinhard said. "But for the future, the findings are a welcome signal that workers 50 and over can really enjoy themselves while remaining productive in a vibrant economy."

Already common, career change among older workers is likely to grow even more as the baby-boom generation nears traditional retirement age.

Murray Scureman, 70, of Potomac, Md., didn't wait for a recession to make the leap. He walked away from a lucrative job as lobbyist for a computer manufacturer to pursue his passion: building.



Baker Mal Krinn, who left a career in ophthalmology, holds some of his fresh baked bread at Inox Restaurant in McLean, Virginia.

Today the one-time systems engineer, who is divorced, runs a successful home renovation business and doesn't look back even though he makes roughly half his old corporate salary of about \$200,000.

"It's about 'What do you want to do when you grow up?'" he said.

Scureman knew it was time to act when he started to eat, sleep and think renovation at his old job -- doodling in meetings while giving his own home a makeover in his free time. He finally left to start a business with a builder before ultimately striking out on his own with Denham Development Group.

The new job isn't so new any more -- he made the leap in 1998 -- but he loves it no less than he did a decade ago. While overseeing crews at a handful of project sites daily he likes to work up a sweat of his own, unloading lumber trucks, carrying 2-by-4s and swinging a hammer.

"I think it's what's keeping me going," said Scureman, who wasn't a subject of the AARP study but changed careers with results similar to its findings. "When I was in corporate America, I would get sick up to three times a year, catching whatever went

through the office. I haven't been sick in 10 years."

The study tracked full-time workers who were ages 51 to 55 in 1992 until 2006. Two-thirds of the workers who changed jobs during that time -- and 27 percent of all the workers -- switched occupations.

Their new careers, including part-time work, paid them significantly less per hour: a median hourly wage of \$10.86 in 2007 dollars, down from \$16.86 in the old job. Nearly a quarter of the career-changers lost health insurance benefits and many gave up pensions. The jobs tended to have less social standing than the earlier work, with many former managers moving into sales.

But the findings pointed to two saving graces that offset all that and left job enjoyment higher overall: Only 36 percent of those surveyed reported stressful work conditions in the new job, a sharp drop from 65 percent in the old job, and about 45 percent said they had a flexible work schedule in the new job, as opposed to 27 percent in the previous job.

Mal Krinn made the switch when he had the chance to turn a hobby into a second

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profession.

Not many people would willingly leave the security of an established doctor's practice for a job in a kitchen. Krinn did just that at age 62, going to work for his son, a chef and restaurateur. Seven years later, he has no regrets about having given up doctor's dough to create and knead bread dough, which he does at Jonathan's chic restaurant Inox in Tysons Corner, Virginia.

"One day I was in the office and the next day I was a full-time breadmaker," he said.

Krinn had enjoyed cooking and baking bread for his family for decades. If his son hadn't gone into business, he figures he'd still be doing just that along with practicing ophthalmology.

But like the study subjects, a change for a new occupation presented itself and he embraced it. Now his transition may serve to inspire other older workers who are looking for a new career experience with different challenges.

"If you pursue things that interest you when you're younger, who knows where it can lead to?" he said. "You find out that you could actually go into what you got a kick out of all those years."