

International Business News

Hong Kong unveils \$2.2b stimulus plan

AFP, Hong Kong

Hong Kong Tuesday unveiled economic stimulus measures totalling 16.8 billion Hong Kong dollars (2.2 billion US) in a bid to counter the impact of the global financial downturn on the territory.

Financial Secretary John Tsang announced the relief package in response to what he called Hong Kong's "dire" economic situation.

In the third quarter of 2008 Hong Kong tumbled into recession and in May the government slashed its forecast for this year, saying the economy would contract 5.5-6.5 percent, from a previous forecast of 2.0-3.0 percent.

The measures announced Tuesday include income tax rebates, waivers on business registration fees and increased allowances for public housing tenants, students, the elderly and the disabled.

Property rates will also be waived for up to two additional quarters.

The new measures and those announced in the February budget take Hong Kong's stimulus spending up to 87.6 billion dollars in total, said Tsang.

The export-dependent territory has been battered by its worst financial crisis since the Great Depression of the 1930s.

Saudi king says fair oil price 75-80 dollars

AFP, Kuwait City

King Abdullah of OPEC powerhouse Saudi Arabia said in remarks published on Tuesday that a fair price for oil was between 75 and 80 dollars.

"We still believe that a fair price is 75 dollars and perhaps 80 dollars a barrel, especially now," the king said in an interview with Kuwait daily Assiyasa.

King Abdullah -- whose country is the world's top oil exporter -- also said that prices, which have dropped sharply due to the global economic meltdown, will eventually stabilise at a higher range when the world economy recovers.

"The issue of fluctuating prices is governed by developments and conditions of the world markets. These (prices) are bound to stabilise at a higher price for oil in the future," he said.

Oil prices were hovering around 60 dollars a barrel in Asian trade on Tuesday ahead of an OPEC meeting later this week and continued unrest in key oil exporter Nigeria.

Oil fell from record peaks of more than 147 dollars in July to about 32 dollars in December as demand dropped off due to the global economic crisis but prices have since risen gradually.

AUTOMOBILE

Make-or-break week for GM

AP, Milwaukee

The clock is ticking on a June 1 deadline for General Motors Corp to restructure, and this make-or-break week is expected to bring more plant closures, employee concessions and other last-minute efforts.

Without changes, the federal government has said, the Detroit-based automaker will have to file for bankruptcy protection by next Monday.

The company has been trying to overhaul its business so it can keep receiving federal money to stay afloat as it deals with soaring costs and slumping sales. On Friday, GM borrowed \$4 billion more from the federal government on top of the \$15.4 billion it has already received.

In exchange, the Obama administration has demanded moves that include reducing debt, cutting labour costs and shedding dealerships, brands and excess factories.

This week, GM's efforts to cut labour costs continued with the Canadian Auto Workers union announcing its members approved wage reductions and other concessions on Monday.

The company's US workers were expected to vote on their own concessions later this week on a deal reached among the United Auto Workers, GM and the federal government last week.

Details of that agreement, which most likely includes changes to paying for retiree health care, have not been released yet. Plant-level union officials were expected to be briefed on the agreement Tuesday morning in Detroit.

GM was also expected to announce the closing of 14 more plants as part of its previously announced effort to close 16 factories to trim production and cut costs. The moves will lay off 21,000



A flag with the logo of US carmaker General Motors flutters in front of the plant of carmaker Opel in Bochum, western Germany, on Monday. The German government said it aims to reach a decision by mid-week on which bidder it prefers for General Motors' Opel unit, as the clock ticks down to bankruptcy at the once-mighty US giant.

workers. So far the company has announced two plants it plans to close: an engine plant in Massena, NY, and a parts stamping plant near Grand Rapids, Mich.

Union concessions are expected to ease one of GM's biggest problems -- labour costs -- but even if the union approves those, there's still the issue of debt.

The company's unsecured bondholders have resisted an offer to take a 10 percent stake in the company to wipe out \$27 billion in debt. If that's approved, it may keep the company out of bankruptcy. But analysts say that's unlikely because bondholders have argued the proposal is too small a stake for the amount they

are owed. Given the amount of money at stake, it's not likely the bondholders will approve it, said Erich Merkle, an independent auto industry analyst in Grand Rapids, Mich.

"That's a tremendous amount of money, and the bondholders are just going to look at it and say, 'We'll take it into court,' and I think they believe they can probably get more," he said.

The bond exchange offer expires Tuesday, though GM has said in a regulatory filing that it would decide Wednesday if it would be extended.

Among other unresolved matters for the automaker: - The question of its European

unit Opel: On Monday German Chancellor Angela Merkel said the country hopes to loosen Opel's ties with General Motors before a possible bankruptcy filing. Merkel's government is looking at three bids and expects a decision on Opel's future midweek.

- It's still not clear what will happen with the Saturn, Hummer and Saab brands. GM has said it plans to phase those brands out or sell them.

President Barack Obama said in an interview broadcast Saturday on C-SPAN he had hope for the ailing GM and Chrysler LLC, which is restructuring under Chapter 11 bankruptcy protection. He said the administration

could not let either company simply shutter, which is why it had to intervene.

The president said he had faith in GM's efforts and it would "be a strong company, and we are going to be pulling out as soon as the economy recovers and they've completed their restructuring."

But first, the company has to get through this week, said Tom Libby, an independent Detroit-area auto industry analyst. It's not likely the deadline will be extended, he said.

"This is the make-or-break week," he said. "It appears Mr. Obama's sort of modus operandi is to not keep postponing and postponing."

LIFESTYLE

Cambodia's dump dwellers face eviction

AFP, Phnom Penh

Scavenging for bits of plastic, metal and glass that earn them an average 10 dollars a month, the children of Phnom Penh's municipal rubbish dump are among Cambodia's poorest.

Hundreds of families live on and around the 100-acre (40.5-hectare) site, making their meagre living from the materials they collect on the steaming rubbish heap, replenished daily with 900 tonnes of the capital's refuse.

"We don't go to school. I'd like to but I need to pick the litter and earn money. I have nine siblings and they all work the same job as me," said 13-year-old Mek.

Dump trucks rumble in and out of Stung Meanchey landfill site throughout the day, while the toxic waste that covers sink holes burns in the sun.

"I really worry about the children working on the dump especially because of the rubbish trucks that sometimes hit the children, because it's hard to see them up there," said 26-year-old father-of-two Chan Samon.

His fears are not unfounded -- in February a 16-year-old girl was killed when a bin fell on her head. There have been numerous victims like her since the site opened more than 45 years ago.

Chan Samon told AFP he earns a pittance selling mostly bottles and cans to Vietnamese buyers. Middlemen come to nine storage depots at the dump's entrance, before selling it on to recycling companies for profit.

One kilogramme (2.2 pounds) of plastic fetches 10 cents, while one kilogramme of iron or a glass bottle goes for 2.5 cents.

But these slim pickings are all these families have. Many of them arrived in Phnom Penh from the rural provinces in the hope of finding better work, only to discover their only option was to join those foraging for rubbish.

Now Cambodia's authorities are closing down the site and moving the dump several miles outside the capital.

None of the residents are clear



This file photo shows a Cambodian boy carrying a bag at a rubbish dump in Phnom Penh. Scavenging for bits of plastic, metal and glass that earn them an average \$10 a month, the children of Phnom Penh's municipal rubbish dump are among Cambodia's poorest.

who is evicting them, only that they have been told to expect to move at any time.

"I heard something about the dump moving but I don't know what's going to happen," said

Mek, who has worked at the site since he was three years old.

The move has been discussed

locally since 2003, residents said, but a recent letter sent out by municipal authorities to all Phnom Penh residents confirmed the closure would take place in the "second quarter" of the year.

It said rubbish collection prices would need to rise because of the move, which it said was necessary because of the "environmental impact" of the site, citing the noise, smell, smoke and poor underground water quality.

Until the proposed eviction a few lucky children had escaped the grimy work thanks to about a dozen charities set up around the landfill site.

The organisations pay parents for lost income while they provide their offspring with schooling, clothes, food and a clean place to sleep.

"When I was up on the dump I met (charity outreach worker) Theary and he was interested in helping me and he brought me here," said 10-year-old Srey Neat, one of 96 children being looked after by Theary, who goes by only one name, and the charity "A New Day Cambodia".

The centre pays parents 10 dollars a month to keep their children away from the scavenging work.

But with the dump's closure, that helping hand may not be able to stretch far enough if the dump dwellers move further afield.

"We have some concern about whether some of the parents will need to move away and would like to take their children with them," said the centre's director Annette Jensen.

The landfill site is expected to be rebuilt next to Cambodia's infamous Killing Fields, where thousands of people were killed and buried by the communist Khmer Rouge regime during its 1975-1979 rule.

Chan Samon said he will have no choice but to take his wife and two children and move over to the new site.

"If the dump moves we will have to move with it. I have no choice because I don't have any other job," he said.



An Indian model poses with the Acer Gateway and eMachines PC during the launch in New Delhi yesterday. Acer, the third largest PC brand globally, announced the launch of two global PC brands into the Indian market as part of its worldwide multibrand strategy, kickstarted with the acquisition of Gateway in the US in 2007.

Philippines March imports fall 36.2pc

AFP, Manila

The Philippines said Tuesday that imports plunged 36.2 percent in March from a year earlier to 3.27 billion dollars, with the key electronics sector hit particularly hard.

The downturn was attributed to a fall in the international prices of fuel and other raw materials, Dow Jones Newswires said.

Total imports in the first three months of the year amounted to 9.598 billion dollars, a 34.3 percent decline year on year, the National Statistics Office (NSO) said.

The figure led to a 60 percent drop in the trade deficit to 363 million dollars in March compared with the same time last year, the NSO said in a statement.

Earlier this month the government said exports had fallen 30.8 percent to 2.907 billion dollars in March.

"Despite the positive (economic) performance in March, the negative effects of the global financial crisis continued to wear down the local appetite for foreign goods," Socio-economic Planning Secretary Ralph Recto said.

Electronic components accounted for 1.117 billion dollars, or 34.2 percent, of total imports in March, the statistics office said. This was a 40.7-percent year on year decline.

Japan unveils new crisis measure for small firms

AFP, Tokyo

Japan on Tuesday unveiled a fresh crisis measure to provide dollar loans to firms operating overseas to help them cope with a global credit crunch.

The Japan Bank for International Cooperation said it would offer three billion dollars to domestic banks to enable them to lend to small- and medium-sized firms operating overseas, particularly in Asia.

"We've decided to enhance our financing support for the overseas operations of Japanese companies," Finance Minister Kaoru Yosano told reporters.

It is the latest in a series of measures taken by Prime Minister Taro Aso's government to support companies struggling to secure access to credit in the wake of the worst financial crisis in decades.

In December, the government launched a low-interest rate loan programme for crisis-hit Japanese firms. It recently raised the funding capacity from two trillion yen to 10 trillion yen due to a growing number of applicants.