

International Business News

GM says bondholder offer fails; bankruptcy likely

AP, Detroit

A General Motors Corp bankruptcy filing seemed inevitable after a rebellion by its bondholders forced it to withdraw on Wednesday a plan to swap bond debt for company stock.

GM has until Monday to complete a government-ordered restructuring that includes debt reduction, labour cost cuts and plant closures. But a Chapter 11 reorganisation is likely after the company said its offer to exchange \$27 billion in unsecured debt for 10 percent of the company's stock had failed. GM has received \$19.4 billion in federal loans.

The automaker said its board will meet to decide its next step.

"The principal amount of notes tendered was substantially less than the amount required by GM to satisfy the debt reduction requirement under its loan agreements with the US Department of the Treasury," GM said in a statement issued Wednesday.

The Obama administration has said it would only provide more funds if 90 percent of the bondholders, as well as unionised workers, agreed to concessions that substantially reduced GM's costs.

GM also said it cancelled meetings set for Wednesday with holders of notes that were not sold in U.S. dollars. The statement said the meetings were to discuss amendments to the debt-for-equity offers, but it did not specify what the amendments were.

UN postpones conference on world economic crisis

AFP, United Nations

The United Nations has postponed by three weeks a conference on the global economic crisis for several weeks at the request of several heads of state, a spokesman said.

The UN General Assembly is to hold its United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development at UN headquarters in New York June 24-26. It was initially scheduled for June 1-3.

Enrique Yebes, spokesman for General Assembly President Miguel d'Escoto, told reporters the decision was made after several delegations had pointed out how little time remained to forge the document's final resolution.

The General Assembly first decided in April to hold such a meeting.

D'Escoto urged member states to wrap up talks on the final non-binding text by June 15.

"We believe that success will depend on a positive and forward-looking outcome document and the active engagement of the political leadership of the Member States at the highest possible level," he said on Tuesday.



Dancers perform a dance during the inauguration ceremony for the upgraded Jakarta International Container Terminal (JICT) in Tanjung Priok port yesterday. The recent expansion has nearly doubled the handling capacity of the modern port to 2.5 million twenty-foot equivalent units (TEU) per annum compared with 1.5 million TEU 10 years ago. Indonesia's largest container terminal is jointly owned by Hutchison Port Holdings Group and state owned PT Pelabuhan Indonesia II.

Indonesia to double palm oil production by 2020

AFP, Jakarta

Indonesia aims to more than double its crude palm oil output to 40 million tonnes by 2020 through increased yields and more plantations, officials said Wednesday.

Average oil palm plantation yields would increase from 3.5 tonnes to 4.5 tonnes a hectare while land under plantation would expand from 7.9 million hectares (19.5 million acres) to about 10 million, they said.

Plans to expand palm oil plantations have been opposed by environmental groups, who say Indonesia's forests are vital carbon sinks in the fight against climate change and an irreplaceable source of biodiversity.

But officials say another 3.4 million hectares of carbon-rich peatlands have been set aside for future plantations, while forest land available for development stands at 10.1 million hectares.

That is around the size of Greece, or 20 times the size of neighbour Singapore.

Brussels unveils plans for tougher financial monitoring

AFP, Brussels

The European Commission on Wednesday unveiled plans for a tough new monitoring system for banks and other financial bodies to be in place next year, aiming to better protect investors hit by the crisis.

"Now is the time for action, it will be now or never," said EU commission chief Jose Manuel Barroso, introducing the plans at a press conference.

One of the key proposals is to create a new European Systemic Risk Council (ESRC), to be chaired by the European Central Bank president, which would give EU nations an early warning of threats to financial stability.

The heads of all national central banks would be members of the new body.

The commission hopes the plans will become a major EU response to the crisis which has plunged Europe into a deep recession, sent unemployment soaring and forced governments to pump billions of euros into banks to keep them afloat.

RESEARCH

An epitome of rural development

BARD celebrates its golden jubilee

SAJJADUR RAHMAN

As the Bangladesh Academy for Rural Development (BARD) celebrated its 50th year of operations yesterday, the academy widened its scope of work in advancing the socio-economic condition of the rural population.

Located amid natural scenic beauty in and around the premises, BARD is at the foot of the Lalmai Hills at Kotbari, 8km from Comilla town. BARD is also known as the Comilla Model.

So far, BARD has conducted over 700 researches in the field of agriculture, cooperative, poverty, microcredit, rural physical infrastructure, rural industries, development communication, good governance, gender and development, environment development, local government, population control, quality improvement of education, health and nutrition and social change.

BARD has undertaken 25 new researches this year, in line with poverty reduction strategies and millennium development goals.

"The main issue of the current studies are farm management and livelihood of rural household, impact of safety net programmes on aged people, information communication technology on rural development good governance," Khairul Kabir, director general of BARD, told The Daily Star.

The Local Government Engineering Department, Bangladesh Agricultural Development Corporation, Upazila Complex and Bangladesh Rural Development Board are four well-known vital government components, contributing to the country's socio-economic and rural development.

But it is not commonly recognised that formation of these models was an outcome of research carried out by the Bangladesh Academy for Rural Development (BARD), founded by the visionary Dr Akhter Hameed Khan, for development of the rural economy.

The Comilla Model, which introduced some basic and long lasting changes in rural development in this country, is the outcome of the creative and farsighted leadership of Akhter Hameed Khan, the first chief executive of BARD.

BARD-experimented activities spread quickly throughout the country with patronage of the government during the sixties and the seventies. In this manner, a successful stride of rural uplift was made in the country.

"Through BARD's continued efforts in the past 50 years, new milestones have been added to this successful journey," says Kabir.

He says three such new models are: Small Farmers Development Foundation (SFDF), Comprehensive Village Development



Bangladesh Academy for Rural Development (BARD) celebrated its 50th year of operations yesterday. BARD has conducted over 700 researches in a wide range of fields from agriculture to rural economy.

Programme (CVDP) and the most recent model of Eco-toilet.

The primary objective of BARD's research is to help take effective initiatives to solve the rural problems of Bangladesh. Another objective is to collect updated information on socio-economic conditions of the villagers and share those in training classes, to make training more effective, the BARD DG says.

Besides research, BARD is engaged in a wide range of training activities, both for government and non-government officials involved in rural development. Initially, BARD provided training to only government officials.

Kabir says: "At present, the clientele of BARD is very wide and ranges from the high officials at national and international arenas to grassroots beneficiaries."

National-level trainees include different cadre and non-cadre officials of the government, nongovernmental officials engaged in rural development, leaders of local government institutes and local organisations, beneficiaries of the grassroots levels and students of different universities and colleges.

Training courses for the officials and leaders of local government are organised regularly, to acquaint them with different policies and prioritised programmes and

projects of the government.

"Demand for BARD training is increasing by the day," says the DG.

According to data, the academy organises 150-180 courses on an average for nearly 6,000 participants a year. Since its inception on May 27, 1959, BARD was able to train more than 20 lakh participants on various aspects of rural development.

Some important international programmes organised by BARD in recent years are: Emerging Threats and Opportunities of Globalisation for Rural Development and Defining the D-8 Future Rural Development Agenda and Innovative Microcredit Delivery System for Rural Poverty Alleviation.

"But the most distinctive feature of BARD is its action research," says the DG.

BARD's reputation in rural development is mostly due to its contribution to action research or pilot projects, Kabir says.

He says the purpose of the pilot project is to study some aspects of rural development as a continuous process in order to discover practical solutions to rural problems. BARD incorporated action research as one of its three basic functions immediately after its inception, and thus put into practice Akhter Hameed Khan's vision to make the academy "a living centre of village development where knowledge is not

only collected and disseminated, but some fresh and critical thinking is done, and ideas and schemes are analysed and tested as in a laboratory."

"BARD continues to create innovative rural solutions," says the DG. The recent models that have been adopted by the government are: Comprehensive Village Development Programme (CVDP), a cooperative model that is being implemented in 21 upazilas. The salient feature of the programme is, "One village one cooperative institution".

Small Farmers' Development Foundation (SFDF) is another new model developed for collateral-free microcredit for small and landless farmers through commercial banks.

The Eco-toilet Model is a joint innovation of BARD and Japan Association of Drainage and Environment, to promote rural environment. This ecologically friendly toilet converts human waste into organic manure through an in-built mechanism in the toilet.

"We are confident that the academy will be able to reflect the hopes and aspirations of the rural people of Bangladesh in the days to come," says the DG.

BARD was given the national award in 1986 for its remarkable contribution to rural development.

SURVEY

Most economists see recession end in 2009

AP, Washington

More than 90 percent of economists predict the recession will end this year, although the recovery is likely to be bumpy.

That assessment came from leading forecasters in a survey by the National Association for Business Economics to be released Wednesday. It is generally in line with the outlook from Federal Reserve Chairman Ben Bernanke and his colleagues.

About 74 percent of the forecasters expect the recession -- which started in December 2007 and is the longest since World War II -- to end in the third quarter. Another 19 percent predict the turning point will come in the final three months of this year, and the remaining 7 percent believe the recession will end in the first quarter of 2010.

"While the overall tone remains soft, there are emerging signs that the economy is stabilising," said NABE president Chris Varvares, head of Macroeconomic Advisers. "The economic recovery is likely to be considerably more moderate than those typically experienced following steep declines."

One of the major forces that plunged the economy into a recession was the financial crisis that struck with force last fall and was the worst since the 1930s. Economists say recoveries after financial crises tend to be slower.

Against that backdrop, unemployment will climb this year even if the economy is rebounding, the NABE forecasters predict. Companies won't be in a rush to hire until they feel certain any recovery is firmly rooted.

For all of this year, the forecasters said the unemployment rate should average 9.1 percent, a big jump from 5.8 percent last year and up from its current quarter-century peak of 8.9 percent. If NABE forecasters are right, it would be the highest since a 9.6 percent rate in 1983, when the country was struggling to recover from a severe recession.

Some forecasters thought the unemployment rate could rise as high as 10.7 percent in the second quarter of next year. The NABE outlook from 45 economists was conducted April 27 through May 11.

General Motors Corp., chemical company DuPont and Clear Channel Communications Inc. were among the companies announcing mass layoffs during the survey period.

With joblessness rising, consumers -- major

shapers of overall economic activity -- likely will stay cautious, making for a tepid turnaround. And given the big bite the recession has taken out of household wealth, notably the values of homes and investment portfolios, consumers probably will stay subdued for some time.

Seventy-one percent of the forecasters believe a more-thrifty consumer will be around for at least the next five years. Americans' personal savings rate edged up to 4.2 percent in March, marking the first time in a decade that the savings rate has been above 4 percent for three straight months.

Even as the NABE forecasters believe the country will emerge from recession later this year, they also predict the economy's overall performance in 2009 will be rotten.

The economy should contract by 2.8 percent this year, the forecasters said in updated projections. That's worse than the 1.9 percent drop they forecast in late February. If they are right, it would mark the worst annual contraction since 1946, when economic activity fell by 11 percent.

Still, the forecasters believe the worst is already behind the country in terms of lost economic activity.

The economy shrank at a 6.1 percent annualised pace in the first three months of this year, on top of a 6.3 percent decline in the final three months of last year, the worst six-month performance in 50 years.

For the current April-June quarter, the NABE forecasters believe the economy will shrink at a pace of 1.8 percent. After that, the economy should start growing again - at a 0.7 percent pace in the third quarter and a 1.8 percent pace in the fourth quarter.

NABE's growth projections for the third and fourth quarters are lower than those made in late February. The downgrade was based on the expectation that businesses, whose profits and sales were hit hard by the recession, will remain wary of ramping up investment.

President Barack Obama's \$787 billion stimulus package of increased government spending and tax cuts, near-zero interest rates ordered by the Fed and government programs to get banks to lend more freely again all factor into the expected economic revival.

Many forecasters also predict that home sales will hit bottom by the middle of this year, another stabilising factor for the economy. A report on sales of previously owned homes will be released Wednesday, and data on new-home sales is due Thursday.



A shopper transports his purchases along the Michigan Avenue shopping district in Chicago, Illinois on Tuesday. The Conference Board said that its Consumer Confidence Index reached 54.9 far exceeding economists' expectations which were in the low 40s. Last February the index hit a historic low of 25.3. A reading of 100 would indicate a healthy economy.